



**Auditor of State  
Betty Montgomery**



VILLAGE OF CADIZ  
HARRISON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Cadiz, Harrison County, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Cadiz, Harrison County as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Harrison County  
Independent Accountants' Report  
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This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

February 10, 2004

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$681,498	\$31,120		\$18,672	\$731,290
Special Assessments	57				57
Intergovernmental Receipts	265,032	132,996		34,001	432,029
Charges for Services	131,344				131,344
Fines, Licenses, and Permits	23,826				23,826
Earnings on Investments	19,439	15,169		2,355	36,963
Miscellaneous	60,688	19,348		9,806	89,842
<b>Total Cash Receipts</b>	<b>1,181,884</b>	<b>198,633</b>		<b>64,834</b>	<b>1,445,351</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	345,619	35,928			381,547
Public Health Services	6,892				6,892
Leisure Time Activities	136,941				136,941
Community Environment	6,361	13,000			19,361
Transportation	84,927	102,523			187,450
General Government	300,936				300,936
Debt Service	15,786	19,561	\$75,505	10,817	121,669
Capital Outlay	150,005	29,970		60,258	240,233
<b>Total Cash Disbursements</b>	<b>1,047,467</b>	<b>200,982</b>	<b>75,505</b>	<b>71,075</b>	<b>1,395,029</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>134,417</b>	<b>(2,349)</b>	<b>(75,505)</b>	<b>(6,241)</b>	<b>50,322</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				11,000	11,000
Other Sources	5,022	27,529			32,551
Other Uses		(22,701)			(22,701)
Transfers-In			76,277	3,000	79,277
Advances-In	40,691	38,817			79,508
Transfers-Out	(69,520)				(69,520)
Advances-Out	(38,818)	(34,690)		(6,000)	(79,508)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(62,625)</b>	<b>8,955</b>	<b>76,277</b>	<b>8,000</b>	<b>30,607</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>71,792</b>	<b>6,606</b>	<b>772</b>	<b>1,759</b>	<b>80,929</b>
<b>Fund Cash Balances, January 1</b>	<b>700,002</b>	<b>110,029</b>	<b>155</b>	<b>82,886</b>	<b>893,072</b>
<b>Fund Cash Balances, December 31</b>	<b>\$771,794</b>	<b>\$116,635</b>	<b>\$927</b>	<b>\$84,645</b>	<b>\$974,001</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$26,820</b>	<b>\$4,023</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,843</b>

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY  
FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$805,223		\$805,223
Miscellaneous	19,144		19,144
Total Operating Cash Receipts	<u>824,367</u>		<u>824,367</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	317,893		317,893
Fringe Benefits	91		91
Contractual Services	83,263		83,263
Supplies and Materials	120,857		120,857
Capital Outlay	28,813		28,813
Total Operating Cash Disbursements	<u>550,917</u>		<u>550,917</u>
Operating Income/(Loss)	<u>273,450</u>		<u>273,450</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		\$224,171	224,171
Total Non-Operating Cash Receipts		<u>224,171</u>	<u>224,171</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	155,664		155,664
Other Non-Operating Cash Disbursements		681,468	681,468
Total Non-Operating Cash Disbursements	<u>155,664</u>	<u>681,468</u>	<u>837,132</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	117,786	(457,297)	(339,511)
Transfers-In	104,985		104,985
Transfers-Out	(114,742)		(114,742)
Net Receipts Over/(Under) Disbursements	108,029	(457,297)	(349,268)
Fund Cash Balances, January 1	<u>611,906</u>	<u>644,916</u>	<u>1,256,822</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$719,935</u></b>	<b><u>\$187,619</u></b>	<b><u>\$907,554</u></b>

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$705,499	\$32,737		\$26,237	\$764,473
Intergovernmental Receipts	74,521	127,772		31,100	233,393
Charges for Services	109,889				109,889
Fines, Licenses, and Permits	16,541				16,541
Miscellaneous	68,389	50,206		11,088	129,683
<b>Total Cash Receipts</b>	<b>974,839</b>	<b>210,715</b>		<b>68,425</b>	<b>1,253,979</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	316,460	19,729			336,189
Public Health Services	7,237				7,237
Leisure Time Activities	143,516				143,516
Community Environment	6,597	80,000			86,597
Transportation	87,324	93,064			180,388
General Government	254,268				254,268
Debt Service	15,451	20,968	\$112,611		149,030
Capital Outlay	12,801	26,130		481,200	520,131
<b>Total Cash Disbursements</b>	<b>843,654</b>	<b>239,891</b>	<b>112,611</b>	<b>481,200</b>	<b>1,677,356</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>131,185</b>	<b>(29,176)</b>	<b>(112,611)</b>	<b>(412,775)</b>	<b>(423,377)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				360,540	360,540
Other Sources	5,016				5,016
Other Uses	(6,004)				(6,004)
Transfers-In			112,766		112,766
Advances-In		15,450			15,450
Transfers-Out	(66,520)				(66,520)
Advances-Out	(15,450)				(15,450)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(82,958)</b>	<b>15,450</b>	<b>112,766</b>	<b>360,540</b>	<b>405,798</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>48,227</b>	<b>(13,726)</b>	<b>155</b>	<b>(52,235)</b>	<b>(17,579)</b>
<b>Fund Cash Balances, January 1</b>	<b>651,775</b>	<b>123,755</b>	<b>0</b>	<b>135,121</b>	<b>910,651</b>
<b>Fund Cash Balances, December 31</b>	<b>\$700,002</b>	<b>\$110,029</b>	<b>\$155</b>	<b>\$82,886</b>	<b>\$893,072</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$23,379</b>	<b>\$2,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,179</b>

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$755,293		\$755,293
Total Operating Cash Receipts	<u>755,293</u>		<u>755,293</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	338,639		338,639
Fringe Benefits	565		565
Contractual Services	81,575		81,575
Supplies and Materials	101,913		101,913
Capital Outlay	108,285		108,285
Total Operating Cash Disbursements	<u>630,977</u>		<u>630,977</u>
Operating Income/(Loss)	<u>124,316</u>		<u>124,316</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	30,568	\$239,778	270,346
Total Non-Operating Cash Receipts	<u>30,568</u>	<u>239,778</u>	<u>270,346</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	112,395		112,395
Other Non-Operating Cash Disbursements		231,886	231,886
Total Non-Operating Cash Disbursements	<u>112,395</u>	<u>231,886</u>	<u>344,281</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	42,489	7,892	50,381
Transfers-Out	<u>(46,246)</u>		<u>(46,246)</u>
Net Receipts Over/(Under) Disbursements	(3,757)	7,892	\$4,135
Fund Cash Balances, January 1	<u>615,663</u>	<u>637,024</u>	<u>1,252,687</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$611,906</u></b>	<b><u>\$644,916</u></b>	<b><u>\$1,256,822</u></b>

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Cadiz, Harrison County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations (leisure time activities), and police services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Lincoln Ave. Water Tank Fund - This fund is used to accumulate funds and make payments on a loan. The loan was obtained to build a water tank and replace water lines.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Downtown Revitalization Phase II Fund - This fund receives proceeds designated for revitalization of the downtown area. Funding is used to repair sidewalks, replace street lights, plant trees and other upgrades to the downtown area.

Industrial Park Road Fund - This fund receives monies from the Ohio Public Works Commission paving the industrial park road.

**5. Enterprise Funds**

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

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

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

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

**6. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Community Improvement Corporation Fund - This fund is used to account for money that the Village lends to new or existing businesses in the Village to promote economic development and the repayment of those loans.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<b>2001</b>	<b>2000</b>
Demand deposits	\$ 437,259	\$ 42,279
Certificates of deposit	<u>461,500</u>	<u>461,500</u>
Total deposits	<u>898,759</u>	<u>503,779</u>
STAR Ohio	<u>982,796</u>	<u>1,646,115</u>
Total Investments	<u>982,796</u>	<u>1,646,115</u>
Total deposits and investments	<u>\$1,881,555</u>	<u>\$2,149,894</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 953,860	\$1,186,906	\$ 233,046
Special Revenue	288,863	226,162	(62,701)
Debt Service	76,277	76,277	0
Capital Projects	190,340	78,834	(111,506)
Enterprise	<u>814,250</u>	<u>929,352</u>	<u>115,102</u>
Total	<u>\$2,323,590</u>	<u>\$2,497,531</u>	<u>\$173,941</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,133,278	\$1,143,807	\$ (10,529)
Special Revenue	273,211	227,706	45,505
Debt Service	76,277	75,505	772
Capital Projects	230,609	71,075	159,534
Enterprise	<u>927,606</u>	<u>821,323</u>	<u>106,283</u>
Total	<u>\$2,640,981</u>	<u>\$2,339,416</u>	<u>\$ 301,565</u>

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,823,905	\$ 979,855	\$ (844,050)
Special Revenue	229,317	210,715	(18,602)
Debt Service	112,776	112,776	0
Capital Projects	447,040	428,965	(18,075)
Enterprise	<u>757,660</u>	<u>785,861</u>	<u>28,201</u>
Total	<u>\$3,370,698</u>	<u>\$2,518,172</u>	<u>\$ (852,526)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,029,445	\$939,557	\$ 89,888
Special Revenue	262,861	242,691	20,170
Debt Service	112,765	112,611	154
Capital Projects	559,625	481,200	78,425
Enterprise	<u>762,528</u>	<u>789,618</u>	<u>(27,090)</u>
Total	<u>\$2,727,224</u>	<u>\$2,565,677</u>	<u>\$ 161,547</u>

Contrary to Ohio Revised Code § 5705.41(D), the Village did not properly certify or record the amount against the applicable appropriation accounts for all expenditures.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. LOCAL INCOME TAX (Continued)**

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.

**7. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
USDA Bonds	\$1,883,300	5.00%
Ohio Water Development Authority Loans	523,073	2.00%
Ohio Public Works Commission Loans	<u>95,336</u>	0.00%
Total	<u>\$2,501,709</u>	

The United States Department of Agriculture bonds are general obligation bonds and were issued to help cover the cost of construction of the Village's waterworks system. The general obligation bonds are collateralized by the Village's taxing authority.

The Ohio Water Development Authority (OWDA) loans relate to the construction of a water tank and a sewer line project. The loans will be repaid in semi-annual installments of \$17,765, including interest, over a twenty year period. The Village was approved to borrow \$583,297 and to date have drawn down \$523,073. The scheduled payments presented below assume that \$583,297, the full amount, will be borrowed. The loan is collateralized by water and sewer receipts.

There were two outstanding loans at December 31 with the Ohio Public Works Commission for water line replacement projects in the Village. The loans are collateralized by the Village's taxing authority. These loans were issued for up to twenty years.

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

<b>Year ending December 31</b>	<b>OWDA Loans</b>	<b>USDA Bonds</b>	<b>OPWC Loans</b>
2002	\$ 17,379	\$ 104,348	\$ 5,959
2003	34,758	104,267	5,959
2004	34,758	104,348	5,959
2005	34,758	104,385	5,959
2006	34,758	104,378	5,959
2007-2011	173,787	521,638	29,793
2012-2016	173,787	521,666	29,793
2017-2021	121,651	521,693	5,955
2022-2039	<u>          </u>	<u>1,877,426</u>	<u>          </u>
Total	<u>\$625,636</u>	<u>\$3,964,149</u>	<u>\$ 95,336</u>

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**10. SUBSEQUENT EVENT**

The Auditor of State's Office is conducting an investigation of loans made by the Village to Pastamatic Inc. The investigation is still in progress. Results of the investigation are not known at this time.

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**Auditor of State  
Betty Montgomery**

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

Village of Cadiz  
Harrison County  
128 Court Street  
Cadiz, Ohio 439

To the Village Council:

We have audited the accompanying financial statements of the Village of Cadiz, Harrison County, (the Village) as of and for the year ended December 31, 2001 and 2000, and have issued our report thereon dated February 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a certain instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2001-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 10, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 10, 2004.

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

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

**Betty Montgomery**  
Auditor of State

February 10, 2004

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-001

Ohio Revised Code § 5705.41 (D) provides 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 that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$1,000) the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify or record the amount against the applicable appropriation accounts for 87% of tested expenditures of fiscal year 2001 and for 43% of tested expenditures of fiscal year 2000. The Village did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

FINDING NUMBER 2001-002

**Job Descriptions**

Currently, the Village does not have written job descriptions to define specific duties of each position of employment in the Village. Without the formal job descriptions, employees are unable to define their individual job duties. The breakdown, as employees perform their daily routines in the accounting function, has caused haphazard record keeping. Village Council should establish specific written job descriptions for all employees and especially for the positions of the Clerk/Treasurer and the Clerk's Assistant.

By creating formal job descriptions, Village employees in each position will have a clear understanding of their duties and responsibilities, so that transactions may be recorded completely and in a timely manner and financial reports may be prepared using accurate and complete records.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31241-001	ORC § 733.28 The Village Clerk/Treasurer did not keep accurate records of all Village transactions.	No	Re-issued in the management letter
1999-31241-002	No job descriptions to define specific duties of the Clerk/Treasurer and Assistant	No	Reissued as 2001-002



**Auditor of State  
Betty Montgomery**

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800-282-0370  
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**VILLAGE OF CADIZ**

**HARRISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 10, 2004**