



**VILLAGE OF CECIL  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF CECIL  
PAULDING COUNTY

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# Mary Taylor, CPA Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 1, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Cecil, Paulding County, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, 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, 2007 and 2006 or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Cecil, Paulding County, as of December 31, 2007 and 2006, 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 August 1, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

August 1, 2008



**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$3,919	\$575		\$4,494
Municipal Income Tax	19,400			19,400
Intergovernmental	16,228	10,466	\$17,500	44,194
Fines, Licenses and Permits	671			671
Earnings on Investments	282	55		337
Miscellaneous	133	659		792
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,633	11,755	17,500	69,888
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	1,950	562		2,512
Public Health Services	120			120
Leisure Time Activities	59			59
Community Environment	40			40
Basic Utility Service	772		46,800	47,572
Transportation		1,733		1,733
General Government	17,331	1,549		18,880
Capital Outlay			19,708	19,708
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	20,272	3,844	66,508	90,624
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	20,361	7,911	(49,008)	(20,736)
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes			46,800	46,800
Transfers-Out	(642)			(642)
Other Financing Uses	(232)			(232)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(874)		46,800	45,926
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,487	7,911	(2,208)	25,190
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	33,300	46,406	5,500	85,206
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$52,787</b> <hr/>	<hr/> <b>\$54,317</b> <hr/>	<hr/> <b>\$3,292</b> <hr/>	<hr/> <b>\$110,396</b> <hr/>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$286			\$286

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$40,640
Fines, Licenses and Permits	1,799
	42,439
<b>Operating Cash Disbursements:</b>	
Personal Services	4,107
Employee Fringe Benefits	645
Contractual Services	18,302
Supplies and Materials	3,021
	26,075
Total Operating Cash Disbursements	26,075
Operating Income	16,364
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	22,248
	22,248
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	29,382
Interest and Other Fiscal Charges	6,926
Other Non-Operating Cash Disbursements	3,030
	39,338
Total Non-Operating Cash Disbursements	39,338
Excess of Disbursements Over Receipts Before Interfund Transfers	(726)
Transfers-In	642
	(84)
Net Disbursements Over Receipts	(84)
Fund Cash Balances, January 1	34,033
	33,949
<b>Fund Cash Balances, December 31</b>	<b>\$33,949</b>
Reserve for Encumbrances, December 31	\$227

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$3,494	\$563		\$4,057
Municipal Income Tax	18,889			18,889
Intergovernmental	16,301	10,074	\$36,581	62,956
Charges for Services	400			400
Fines, Licenses and Permits	774			774
Earnings on Investments	294	52		346
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,152	10,689	36,581	87,422
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	2,546	421		2,967
Public Health Services	123			123
Leisure Time Activities	585			585
Community Environment	257			257
Basic Utility Service	875			875
Transportation	243	14,734		14,977
General Government	19,192	2,659		21,851
Capital Outlay	2,000		31,081	33,081
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,821	17,814	31,081	74,716
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	14,331	(7,125)	5,500	12,706
<b>Other Financing Receipts / (Disbursements):</b>				
Other Financing Sources	149			149
Other Financing Uses	(250)			(250)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(101)			(101)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	14,230	(7,125)	5,500	12,605
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	19,070	53,531		72,601
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$33,300</b> <hr/>	<hr/> <b>\$46,406</b> <hr/>	<hr/> <b>\$5,500</b> <hr/>	<hr/> <b>\$85,206</b> <hr/>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$41,042
Fines, Licenses and Permits	2,688
Miscellaneous	1,800
	45,530
<b>Total Operating Cash Receipts</b>	<b>45,530</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	3,150
Employee Fringe Benefits	404
Contractual Services	26,188
Supplies and Materials	2,712
	32,454
<b>Total Operating Cash Disbursements</b>	<b>32,454</b>
Operating Income	13,076
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	25,346
Other Financing Sources	6,438
	31,784
<b>Total Non-Operating Cash Receipts</b>	<b>31,784</b>
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	4,683
Redemption of Principal	26,097
Interest and Other Fiscal Charges	6,673
Other Financing Uses	10,216
	47,669
<b>Total Non-Operating Cash Disbursements</b>	<b>47,669</b>
Excess of Disbursements Over Receipts	(2,809)
Fund Cash Balances, January 1	36,842
<b>Fund Cash Balances, December 31</b>	<b>\$34,033</b>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit.

**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:

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 CECIL  
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

3. Capital Project Funds

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

OPWC L-Tip CDBG – This fund receives grant and special assessment monies in which the proceeds are being used to construct a new waste water treatment plant and for the US 24 Water Casing Project.

4. Enterprise Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over to the subsequent year and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	2007	2006
Demand deposits	\$139,018	\$114,087
Certificates of deposit	5,327	5,152
Total deposits	\$144,345	\$119,239

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,843	\$40,633	\$1,790
Special Revenue	10,599	11,755	1,156
Capital Projects	64,300	64,300	
Enterprise	69,600	65,329	(4,271)
Total	\$183,342	\$182,017	(\$1,325)

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY – (CONTINUED)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,171	\$21,432	\$51,739
Special Revenue	56,935	3,844	53,091
Capital Projects	23,000	66,508	(43,508)
Enterprise	103,334	65,640	37,694
Total	\$256,440	\$157,424	\$99,016

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,365	\$40,301	\$2,936
Special Revenue	10,010	10,689	679
Capital Projects	36,581	36,581	
Enterprise	73,000	77,314	4,314
Total	\$156,956	\$164,885	\$7,929

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,422	\$26,071	\$61,351
Special Revenue	33,541	17,814	15,727
Capital Projects	36,581	31,081	5,500
Enterprise	109,842	80,123	29,719
Total	\$267,386	\$155,089	\$112,297

For calendar year 2007, expenditures exceed total appropriations in the capital projects fund by \$43,508.

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.



**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. PROPERTY TAX – (CONTINUED)**

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

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

**6. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$280,910	2%
The State Bank and Trust Loan	44,036	5%
Total	<u>\$324,946</u>	

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

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

The Village's taxing authority collateralized the bonds.

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. DEBT – (CONTINUED)**

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

Year ending December 31:	OWDA Loan	The State Bank and Trust Loan
2008	\$32,769	\$10,618
2009	32,769	10,618
2010	32,769	10,618
2011	32,769	10,618
2012	32,769	7,078
2013 – 2017	147,461	
Total	\$311,306	\$49,549

**7. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**8. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

VILLAGE OF CECIL  
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)

**8. RISK POOL MEMBERSHIP – (CONTINUED)**

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:

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# Mary Taylor, CPA

## Auditor of State

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

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

To the Village Council:

We have audited the financial statements of Village of Cecil, Paulding County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 1, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Village's management in a separate letter dated August 1, 2008.

### **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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated August 1, 2008.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

August 1, 2008

VILLAGE OF CECIL  
PAULDING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

**Noncompliance Citation**

Ohio Revised Code section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

For calendar year 2007, expenditures of \$66,508 exceed total appropriations of \$23,000 in the capital projects fund by \$43,508.

The failure to limit expenditures to appropriated amounts may result in the Village expending funds in excess of available resources. The Village should periodically compare expenditures and encumbrances to appropriations to determine if a modification to appropriations is necessary.

**Official's Response**

Management acknowledges and understands the above error. Steps have been taken to correct this matter.

**VILLAGE OF CECIL  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

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>
2005-001	Ohio Revised Code § 5705.10 Deficit Fund Balance	Yes	
2005-002	Ohio Revised Code § 5705.36 (A)(1), Incorrect Fund Balance Certification	Yes	
2005-003	Ohio Revised Code § 5705.36 (A)(2), (4) and § 5705.39 Appropriations greater than estimated and actual resources	No	Improvement has been made reducing this to a management letter comment.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF CECIL**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 26, 2008**