



**Auditor of State  
Betty Montgomery**



VILLAGE OF ATTICA  
SENECA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	19

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Attica  
Seneca County  
28 North Main Street  
P.O. Box 564  
Attica, Ohio 44807-0564

To the Village Council:

We have audited the accompanying financial statements of the Village of Attica, Seneca County, (the Village) as of and for the years ended December 31, 2002 and December 31, 2001. 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 of the Village as of December 31, 2002 and December 2001, 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 January 31, 2003 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.

This report is intended solely for the information and use of the 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

January 31, 2003

**VILLAGE OF ATTICA  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$34,455	\$62,070	\$156		\$96,681
Intergovernmental Receipts	98,116	53,038			151,154
Charges for Services		23,202			23,202
Fines, Licenses, and Permits	40	19,316			19,356
Earnings on Investments	4,144	2,002		\$2,457	8,603
Miscellaneous	4,300	4,227			8,527
	<u>141,055</u>	<u>163,855</u>	<u>156</u>	<u>2,457</u>	<u>307,523</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	14,198	142,335			156,533
Public Health Services	2,900				2,900
Leisure Time Activities		34,127			34,127
Community Environment	37,422				37,422
Transportation		33,819			33,819
General Government	89,713		7		89,720
Capital Outlay		41,000			41,000
	<u>144,233</u>	<u>251,281</u>	<u>7</u>		<u>395,521</u>
Total Receipts Over/(Under) Disbursements	<u>(3,178)</u>	<u>(87,426)</u>	<u>149</u>	<u>2,457</u>	<u>(87,998)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	60,000	80,014			140,014
Transfers-Out	(84,914)	(15,000)			(99,914)
	<u>(24,914)</u>	<u>65,014</u>			<u>40,100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,092)	(22,412)	149	2,457	(47,898)
Fund Cash Balances, January 1	<u>122,436</u>	<u>72,719</u>	<u>33,711</u>	<u>110,260</u>	<u>339,126</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$94,344</u></b>	<b><u>\$50,307</u></b>	<b><u>\$33,860</u></b>	<b><u>\$112,717</u></b>	<b><u>\$291,228</u></b>

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

**VILLAGE OF ATTICA  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$335,614
Miscellaneous	737
	336,351
<b>Operating Cash Disbursements:</b>	
Personal Services	72,648
Fringe Benefits	31,021
Contractual Services	160,956
Supplies and Materials	48,651
Capital Outlay	469,841
Miscellaneous	803
	783,920
Operating Loss	(447,569)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	144,000
Proceeds from Notes	493,045
	637,045
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	16,141
Excess of Receipts Over Disbursements Before Interfund Transfers	173,335
Transfers-In	5,100
Transfers-Out	(45,200)
	133,235
Net Receipts Over Disbursements	133,235
Fund Cash Balances, January 1	352,462
<b>Fund Cash Balances, December 31</b>	<b>\$485,697</b>

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



**VILLAGE OF ATTICA  
SENECA 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**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$43,802	\$65,551	\$16,335		\$125,688
Intergovernmental Receipts	99,946	32,943			132,889
Charges for Services		19,158			19,158
Fines, Licenses, and Permits	70	13,830			13,900
Earnings on Investments	7,211	1,523		\$4,231	12,965
Miscellaneous	19,123	9,341			28,464
	<u>170,152</u>	<u>142,346</u>	<u>16,335</u>	<u>4,231</u>	<u>333,064</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	13,814	117,473			131,287
Public Health Services	2,488				2,488
Leisure Time Activities		27,029			27,029
Community Environment	5,315				5,315
Basic Utility Services	1,136				1,136
Transportation		35,855			35,855
General Government	92,849		351		93,200
Debt Service:					
Principal Payments			2,500		2,500
Capital Outlay		14,775		6,319	21,094
	<u>115,602</u>	<u>195,132</u>	<u>2,851</u>	<u>6,319</u>	<u>319,904</u>
Total Receipts Over/(Under) Disbursements	<u>54,550</u>	<u>(52,786)</u>	<u>13,484</u>	<u>(2,088)</u>	<u>13,160</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		59,000			59,000
Advances-In		13,000			13,000
Transfers-Out	(61,540)				(61,540)
Advances-Out	(13,000)				(13,000)
Sale of Fixed Assets	6,893				6,893
	<u>(67,647)</u>	<u>72,000</u>			<u>4,353</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,097)	19,214	13,484	(2,088)	17,513
Fund Cash Balances, January 1	135,533	53,505	20,227	112,348	321,613
<b>Fund Cash Balances, December 31</b>	<u><b>\$122,436</b></u>	<u><b>\$72,719</b></u>	<u><b>\$33,711</b></u>	<u><b>\$110,260</b></u>	<u><b>\$339,126</b></u>

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

**VILLAGE OF ATTICA  
SENECA COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$333,758
Miscellaneous	7,193
	340,951
<b>Operating Cash Disbursements:</b>	
Personal Services	61,637
Fringe Benefits	33,086
Contractual Services	162,678
Supplies and Materials	52,252
Capital Outlay	1,052
Miscellaneous	602
	311,307
Operating Income	29,644
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	13,641
Excess of Receipts Over Disbursements Before Interfund Transfers	16,003
Transfers-In	5,082
Transfers-Out	(2,542)
Net Receipts Over Disbursements	18,543
Fund Cash Balances, January 1	333,919
<b>Fund Cash Balances, December 31</b>	<b>\$352,462</b>

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

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Attica, Seneca 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 general governmental services, including 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.

**JOINTLY GOVERNED ORGANIZATIONS**

The Village is associated with two organizations which are defined as jointly governed organizations.

The AVR Fire District 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 District is directed by an appointed three-member Board of Trustees. One board member is appointed by each political subdivision within the District. The subdivisions are: Attica Village, Venice Township and Reed Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The Attica-Venice Township Joint Cemetery 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 Cemetery is directed by an appointed three-member board of Trustees. One Board member is appointed by the Attica Village Council and two are appointed by the Venice Township Board of Trustees. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

**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**

Certificates of deposit are valued at cost.

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 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 Funds:

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

*Police Levy Fund* - This fund receives tax monies from a voted levy for police protection.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following significant capital project fund:

*Village Hall Construction Fund* - This fund received proceeds of the insurance payment for the fire at the village hall. The proceeds will be used to construct a new village hall.

**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.

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 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**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$632,635	\$549,755
Certificates of deposit	144,290	141,833
Total deposits	<u>\$776,925</u>	<u>\$691,588</u>

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$145,000	\$201,055	\$56,055
Special Revenue	145,930	243,869	97,939
Debt Service		156	156
Capital Projects	2,900	2,457	(443)
Enterprise	809,850	978,496	168,646
Total	\$1,103,680	\$1,426,033	\$322,353

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$277,000	\$229,147	\$47,853
Special Revenue	218,500	266,281	(47,781)
Debt Service		7	(7)
Capital Projects	193,000		193,000
Enterprise	613,640	845,261	(231,621)
Total	\$1,302,140	\$1,340,696	(\$38,556)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$190,514	\$177,045	(\$13,469)
Special Revenue	103,631	201,346	97,715
Debt Service	18,000	16,335	(1,665)
Capital Projects		4,231	4,231
Enterprise	310,852	346,033	35,181
Total	\$622,997	\$744,990	\$121,993

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$374,132	\$177,142	\$196,990
Special Revenue	149,203	195,132	(45,929)
Debt Service	30,242	2,851	27,391
Capital Projects	106,123	6,319	99,804
Enterprise	655,265	327,490	327,775
Total	\$1,314,965	\$708,934	\$606,031

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds by the following amounts:

Fund	2002	2001
Police	\$44,334	
Water Improvement	243,218	
Street Highway		\$16,704
Permissive Motor Vehicle		61,597

Four other funds also had such variances in smaller relative amounts.

Also contrary to Ohio Law, budgetary appropriations exceeded estimated revenue in the following funds by the following amounts:

Fund	2002
Street Construction	\$40,128
Water	77,000
Sewer	120,122

Seven other funds also had such variances in smaller relative amounts.

The Village also had expenditures that were certified after the expenditure was incurred, which is a violation of State law.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$32,400	0.00%
Ohio Public Works Commission Loans	84,724	0.00%
General Obligation Notes	<u>498,847</u>	4.20%
Total	<u><u>\$615,971</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency.

The Ohio Public Works Commission (OPWC) loans relate to water and sewer projects. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

The General Obligation Notes are collateralized by the Village's taxing authority.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OPWC Loan</u>	<u>General Obligation Notes</u>
2003	\$7,480	\$6,813	\$8,558
2004	7,480	6,813	534,460
2005	7,480	6,813	
2006	4,980	6,813	
2007	4,980	6,813	
2008-2018		<u>50,659</u>	
Total	<u><u>\$32,400</u></u>	<u><u>\$84,724</u></u>	<u><u>\$543,018</u></u>

**6. 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 2002 and 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 wages. 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, 2002.



**VILLAGE OF ATTICA  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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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 Attica  
Seneca County  
28 North Main Street  
P.O. Box 564  
Attica, Ohio 44807-0564

To the Village Council:

We have audited the financial statements of the Village of Attica, Seneca County, (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated January 31, 2003. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-30574-001, 2002-30574-002 and 2002-30574-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village of Attica in a separate letter dated January 31, 2003.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 January 31, 2003.

This report is intended for the information and use of management and the 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

January 31, 2003

**VILLAGE OF ATTICA  
SENECA COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-30574-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 states that appropriations from each fund should not exceed the total estimated revenue. As of December 31, 2002, the following funds had appropriations exceeding estimated revenue:

Fund	Estimated Revenue	Appropriations	Variance
Street Construction	\$872	\$41,000	(\$40,128)
Water	173,000	250,000	(77,000)
Sewer	229,878	350,000	(120,122)

Seven other funds also had such variances in smaller relative amounts.

We recommend appropriations be amended on a timely basis to ensure they do not exceed estimated revenue.

**FINDING NUMBER 2002-30574-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (B) states no subdivision is to expend money unless it has been appropriated. As of December 31, 2002 the Village had expenditures that exceeded appropriations as follows:

Fund	Appropriations	Expenditures	Variance
Police	\$113,000	\$157,334	(\$44,334)
Water Improvement	82,000	325,218	(243,218)

As of December 31, 2001, the Village had expenditures that exceeded appropriations as follows:

Fund	Appropriations	Expenditures	Variance
Street Highway	\$10,325	\$27,029	(\$16,704)
Permissive Motor Vehicle	55,876	117,473	(61,597)

Three other funds also had such variances in smaller relative amounts.

We recommend the Village refrain from making expenditures that exceed appropriations. The Village should compare appropriation measures to the latest amended certificate of estimated resources and appropriate modifications should be made prior to submission to the county auditor.

**FINDING NUMBER 2002-30574-003**

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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 encumbrances. Every such contract made without such a certificate shall be null and 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 the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board 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 \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

All transactions tested were not certified by the fiscal officer at the time the commitment was incurred. The Village issued "Then and Now" certificates for every order or contract involving the expenditure of money. This practice hinders the Clerk-Treasurer's ability to properly authorize and monitor the Village's expenses and budgeted funds. To improve controls over disbursements, we recommend all Village expenses receive certification from the fiscal officer that the funds are or will be available through the use of regular purchase orders, "Blanket" or "Super Blanket" certifications. We further recommend "Then and Now" certifications be made as the exception and not the rule in regards to encumbering Village expenditures.

**VILLAGE OF ATTICA  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND DECEMBER 31, 2001**

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>
2000-30574-001	ORC 5705.41(D) failure to certify funds	No	Not corrected. Reissued as Finding # 2002-30574-003.







**Auditor of State  
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**VILLAGE OF ATTICA**

**SENECA 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  
MARCH 18, 2003**