

V I L L A G E O F C R I D E R S V I L L E
A U G L A I Z E C O U N T Y

AUDIT REPORT

January 1, 2001 through December 31, 2002

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**Auditor of State
Betty Montgomery**

Village Council
Village of Cridersville
110 West Main Street
Cridersville, OH 45806

We have reviewed the Independent Auditor's Report of the Village of Cridersville, Auglaize County, prepared by LaVallee & Company, for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Cridersville is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 14, 2003

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VILLAGE OF CRIDERSVILLE
Auglaize County

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LaVallee & Company

Certified Public Accountants

The CPA. Never under estimate The Value.SM

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INDEPENDENT AUDITORS' REPORT

Village of Cridersville
Auglaize County
110 W. Main Street
Cridersville, Ohio 45806

To the Village Council:

We have audited the accompanying financial statements of the Village of Cridersville, Auglaize County, Ohio, as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. 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, if any, 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 described 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 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 a report dated May 29, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of law, 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 management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

LaVallee & Company, CPAs

May 29, 2003

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VILLAGE OF CRIDERSVILLE
Auglaize County

COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND
CASH BALANCES - ALL FUND TYPES
December 31, 2002 and 2001

	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Cash	<u>\$478,388</u>	<u>\$378,473</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPES

Governmental Funds:		
General fund	\$ 94,387	\$ 50,759
Special revenue funds	198,043	139,906
Debt service funds	1,694	2,657
Capital Projects Fund	1,008	1,008
Proprietary Funds:		
Enterprise funds	182,428	183,315
Fiduciary Funds:		
Expendable trust funds	<u>828</u>	<u>828</u>
Total	<u>\$478,388</u>	<u>\$378,473</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF CRIDERSVILLE
Auglaize County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
AND SIMILAR FIDUCIARY FUND TYPES

For the Year Ended December 31, 2002

	<u>Governmental Fund Type</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUE RECEIPTS:		
Local taxes	\$120,495	\$ 53,092
Intergovernmental revenues	246,102	60,373
Special assessments	-	2,922
Charges for services	-	52,449
Fines, licenses, and permits	38,969	1,035
Miscellaneous	34,579	-
Interest	<u>4,534</u>	<u>-</u>
Total Revenue Receipts	<u>444,679</u>	<u>169,871</u>
EXPENDITURE DISBURSEMENTS:		
Current:		
Security of persons and property	227,455	44,313
Leisure time activities	9,140	-
Community environment	20,079	-
Basic utility services	1,243	-
Transportation	-	87,421
General government	91,042	-
Capital Outlay	16,157	-
Debt Service	<u>-</u>	<u>-</u>
Total Expenditure Disbursements	<u>365,116</u>	<u>131,734</u>
Total Revenue Receipts Over(Under) Expenditures Disbursements	79,563	38,137
OTHER FINANCING SOURCES (USES):		
Proceeds from loans	-	-
Operating transfers-in	3,000	37,295
Operating transfers-out	<u>(38,935)</u>	<u>(17,295)</u>
Total Other Financing Sources (Uses)	<u>(35,935)</u>	<u>20,000</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	43,628	58,137
Fund Cash Balance - January 1, 2002	<u>50,759</u>	<u>139,906</u>
Fund Cash Balance - December 31, 2002	<u>\$ 94,387</u>	<u>\$198,043</u>

The accompanying notes are an integral part of the financial statements.

<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ -	\$ -	\$173,587
-	18,800	-	325,275
-	-	-	2,922
-	-	-	52,449
-	-	-	40,004
-	-	-	34,579
-	-	-	4,534
<u>-</u>	<u>18,800</u>	<u>-</u>	<u>633,350</u>
-	-	-	271,768
-	-	-	9,140
-	-	-	20,079
-	-	-	1,243
-	-	-	87,421
-	-	-	91,042
-	18,800	-	34,957
<u>174,974</u>	<u>-</u>	<u>-</u>	<u>174,974</u>
<u>174,974</u>	<u>18,800</u>	<u>-</u>	<u>690,624</u>
(174,974)	-	-	(57,274)
11,650	-	-	11,650
162,361	-	-	202,656
<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,230)</u>
<u>174,011</u>	<u>-</u>	<u>-</u>	<u>158,076</u>
(963)	-	-	100,802
<u>2,657</u>	<u>1,008</u>	<u>828</u>	<u>195,158</u>
<u>\$ 1,694</u>	<u>\$ 1,008</u>	<u>\$ 828</u>	<u>\$295,960</u>

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VILLAGE OF CRIDERSVILLE
Auglaize County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
For the Year Ended December 31, 2002

	<u>Proprietary</u> <u>Fund Type</u>
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	\$489,180
 Total Operating Revenues	 <u>489,180</u>
OPERATING DISBURSEMENTS:	
Personal services	180,426
Contractual services	86,607
Material and supplies	65,563
Capital outlay	<u>16,052</u>
 Total Operating Disbursements	 <u>348,648</u>
Excess of Cash Operating Receipts Over/(Under) Operating Disbursements	140,532
 NON-OPERATING RECEIPTS:	
Intergovernmental receipts	<u>5,007</u>
 Total Non-Operating Receipts	 <u>5,007</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers	145,539
Operating Transfers-In	5,400
Operating Transfers-Out	<u>(151,826)</u>
Net Excess of Cash Receipts Over/(Under) Disbursements	(887)
Fund Cash Balance - January 1, 2002	<u>183,315</u>
Fund Cash Balance - December 31, 2002	<u>\$182,428</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF CRIDERSVILLE
Auglaize County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
AND SIMILAR FIDUCIARY FUND TYPES

For the Year Ended December 31, 2001

	<u>Governmental Fund Type</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUE RECEIPTS:		
Local taxes	\$109,856	\$ 22,966
Intergovernmental revenues	400,880	58,365
Special assessments	-	7,399
Charges for services	-	52,493
Fines, licenses, and permits	10,587	1,268
Miscellaneous	24,314	12,519
Interest	<u>13,348</u>	<u>-</u>
Total Revenue Receipts	<u>558,985</u>	<u>155,010</u>
EXPENDITURE DISBURSEMENTS:		
Current:		
Security of persons and property	229,599	85,929
Leisure time activities	15,913	-
Community environment	21,250	-
Basic utility services	9,877	-
Transportation	-	93,147
General government	123,670	-
Capital outlay	-	-
Debt service	<u>-</u>	<u>-</u>
Total Expenditure Disbursements	<u>400,309</u>	<u>179,076</u>
Total Revenue Receipts Over (Under) Expenditures Disbursements	158,676	(24,066)
OTHER FINANCING SOURCES (USES):		
Proceeds from loans	-	-
Operating transfers-in	66,697	120,231
Operating transfers-out	<u>(255,641)</u>	<u>(80,230)</u>
Total Other Financing Sources (Uses)	<u>(188,944)</u>	<u>40,001</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(30,268)	15,935
Fund Cash Balance - January 1, 2001	<u>81,027</u>	<u>123,971</u>
Fund Cash Balance - December 31, 2001	<u>\$ 50,759</u>	<u>\$139,906</u>

The accompanying notes are an integral part of the financial statements.

<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>		<u>Totals (Memorandum Only)</u>
\$ -	\$ -	\$ -		\$ 132,822
-	116,000	-		575,245
-	-	-		7,399
-	-	-		52,493
-	-	24,859		36,714
-	-	-		36,833
-	-	-		13,348
<u>-</u>	<u>116,000</u>	<u>24,859</u>		<u>854,854</u>
-	-	-		315,528
-	-	-		15,913
-	-	-		21,250
-	-	-		9,877
-	-	-		93,147
-	-	6,490		130,160
-	153,416	-		153,416
<u>298,251</u>	<u>-</u>	<u>-</u>		<u>298,251</u>
<u>298,251</u>	<u>153,416</u>	<u>6,490</u>		<u>1,037,542</u>
(298,251)	(37,416)	18,369		(182,688)
-	37,416	-		37,416
298,260	-	-		485,188
<u>-</u>	<u>(12,712)</u>	<u>(18,369)</u>		<u>(366,952)</u>
<u>298,260</u>	<u>24,704</u>	<u>(18,369)</u>		<u>155,652</u>
9	(12,712)	-		(27,036)
<u>2,648</u>	<u>13,720</u>	<u>828</u>		<u>222,194</u>
<u>\$ 2,657</u>	<u>\$ 1,008</u>	<u>\$ 828</u>		<u>\$ 195,158</u>

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VILLAGE OF CRIDERSVILLE
Auglaize County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
For the Year Ended December 31, 2001

	<u>Proprietary</u> <u>Fund Type</u>
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	\$450,559
 Total Operating Revenues	 <u>450,559</u>
OPERATING DISBURSEMENTS:	
Personal services	166,041
Contractual services	71,489
Material and supplies	46,700
Capital outlay	<u>391,499</u>
 Total Operating Disbursements	 <u>675,729</u>
Excess of Cash Operating Receipts Over/(Under) Operating Disbursements	 (225,170)
NON-OPERATING RECEIPTS:	
Intergovernmental receipts	4,934
Proceeds from loans	<u>309,937</u>
 Total Non-Operating Receipts	 <u>314,871</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers	 89,701
Operating Transfers-In	5,400
Operating Transfers-Out	<u>(123,636)</u>
Net Excess of Cash Receipts Over/(Under) Disbursements	 (28,535)
 Fund Cash Balance - January 1, 2001	 <u>211,850</u>
Fund Cash Balance - December 31, 2001	<u>\$183,315</u>

The accompanying notes are an integral part of the
financial statements.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description Of The Entity

The Village of Cridersville is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: public safety, recreation, street maintenance and repair, and water and sewer facilities.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

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

Certificates of deposit are valued at cost. Investments are reported as assets. 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.

D. Fund Accounting

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds - To account for proceeds of specific revenue sources (other than capital projects and expendable trusts) that are legally restricted to disbursements for specified purposes.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Governmental Funds (Continued)

Debt Service Funds - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Project Funds - To account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

Proprietary Funds

Enterprise Funds - To account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Fiduciary Funds

Trust Funds - To account for assets held by a governmental unit in trustee capacity or as an agent for individuals, private organizations, other governmental units, and or other funds. This includes Expendable Trust Funds.

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 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. Appropriations lapse at year end.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. Accumulated Unpaid Sick Leave And Vacation

Accumulated unpaid sick leave and vacation are not accrued under the cash basis of accounting described in Note 1. At December 31, 2002, management estimates that \$76,995 in sick leave and \$812 in vacation have been accumulated by the employees of the Village. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 2002.

H. Total Columns On Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 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 at the years ended December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$478,388	\$378,473

Deposits

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

NOTE 3 - BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 444,609	\$ 447,679	\$ 3,070
Special Revenue	211,267	207,166	(4,101)
Debt Service	177,780	174,011	(3,769)
Capital Projects	-	18,800	18,800
Enterprise	452,600	499,587	46,987
Fiduciary	-	-	-
<u>Total</u>	<u>\$1,286,256</u>	<u>\$1,347,243</u>	<u>\$60,987</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 495,368	\$ 404,051	\$ 91,317
Special Revenue	168,328	149,029	19,299
Debt Service	174,780	174,974	(194)
Capital Projects	1,008	18,800	(17,792)
Enterprise	492,400	500,474	(8,074)
Fiduciary	500	-	500
<u>Total</u>	<u>\$1,332,384</u>	<u>\$1,247,328</u>	<u>\$ 85,056</u>

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 3 - BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 566,593	\$ 625,682	\$ 59,089
Special Revenue	296,018	275,241	(20,777)
Debt Service	350,230	298,260	(51,970)
Capital Projects	121,000	153,416	32,416
Enterprise	1,087,650	770,830	(316,820)
Fiduciary	<u>24,859</u>	<u>24,859</u>	<u>-</u>
<u>Total</u>	<u>\$2,446,350</u>	<u>\$2,148,288</u>	<u>\$(298,062)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 598,000	\$ 655,950	\$ (57,950)
Special Revenue	271,911	259,306	12,605
Debt Service	333,150	298,251	34,899
Capital Projects	121,000	166,128	(45,128)
Enterprise	1,072,600	799,365	273,235
Fiduciary	<u>24,859</u>	<u>24,859</u>	<u>-</u>
<u>Total</u>	<u>\$2,421,520</u>	<u>\$2,203,859</u>	<u>\$217,661</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$57,950, the Enforcement and Education Fund by \$820, the North Street/North PL Debt Retirement Fund by \$1,381, the Wyandot St. Debt Retirement Fund by \$2,275, the Municipal Expansion Fund by \$12,712, the Sanitary Sewer Fund by \$19,814, the Utility Deposit Fund by \$611, the Sewer Replacement & Improvement Fund by \$2,119, and the Capital Projects Fund by \$45,128 for the year ended December 31, 2001. Budgetary expenditures exceeded appropriation authority for the Enforcement and Education Fund by \$2,902, the Special Assessment Bond Retirement Fund by \$4,963, the Sanitary Sewer Fund by \$13,127, and the Capital Projects Fund by \$17,792 for the year ended December 31, 2002.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 4 - DEBT OBLIGATIONS

Debt outstanding at December 31, 2002, consisted of the following:

Ohio Public Works	
Commission Note CM506	
Principal Outstanding	\$ 19,275
Ohio Public Works	
Commission Note CM31E	\$ 35,545
Principal Outstanding	
Special Assessment Bonds	
Principal Outstanding	\$ 4,000
Interest Rates	10%
Mortgage Revenue Bonds	
Principal Outstanding	\$229,000
Interest Rates	4.5 & 6.65%
Ohio Public Works	
Commission Note CM29A	
Principal Outstanding	\$ 42,816
Ohio Public Works	
Commission Note CM21D	
Principal Outstanding	\$ 81,900
Ohio Water Development	
Authority Note	
Principal Outstanding	\$624,504
Interest Rate	6.41%

The Village has four non-interest bearing loans, at December 31, 2002, obtained from the Ohio Public Works Commission. Proceeds from these loans were used to improve various streets in the Village.

Outstanding special assessment bonds consist of water and sewer line extension projects which are payable from the proceeds of tax assessments against individual property owners.

Mortgage Revenue Bonds are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 4 - DEBT OBLIGATIONS (Continued)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2002, including interest payments of \$ 28,550 are as follows:

<u>Year Ending December 31</u>	<u>Mortgage Revenue Bonds</u>	<u>Special Assessment Bonds</u>
2003	\$ 70,490	\$ 4,400
2004	68,955	-
2005	71,141	-
2006	<u>46,564</u>	<u>-</u>
Total	<u>\$257,150</u>	<u>\$ 4,400</u>

The annual requirements to amortize all note debt and loans outstanding as of December 31, 2002, including interest payments of \$577,928 are as follows:

<u>Year Ending December 31</u>	<u>OPWC Street Paving Improvement Note-CM21D</u>	<u>OPWC Street Paving Improvement Note-CM506</u>	<u>OPWC Street Paving Improvement Note-CM29A</u>	<u>OPWC Street Paving Improvement Note-CM31E</u>	<u>Ohio Water Development Authority Note</u>
2003	\$ 4,550	\$ 1,752	\$ 2,762	\$ 935	\$ 26,140
2004	4,550	1,752	2,762	1,871	52,280
2005	4,550	1,752	2,762	1,871	52,280
2006	4,550	1,752	2,762	1,871	52,280
2007	4,550	1,752	2,762	1,871	52,280
Thereafter	<u>59,150</u>	<u>10,515</u>	<u>29,006</u>	<u>27,126</u>	<u>967,171</u>
Totals	<u>\$81,900</u>	<u>\$19,275</u>	<u>\$42,816</u>	<u>\$ 35,545</u>	<u>\$1,202,431</u>

Lease Purchase Agreements

On March 1, 2002, the Village entered into a lease-purchase agreement in the amount of \$25,996 for a Case 580 M Loader backhoe. As of December 31, 2002, \$22,667 was left to be paid in equal payments of \$5,667 on March 1, 2003, 2004, 2005 and 2006.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 5 - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the calendar year ended December 31, 2002 was \$9.75 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$8.655807 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$8.236884 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30, of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the calendar year ended December 31, 2002 was \$9.75 per \$1,000 of assessed valuation.

Real property - 2001 Valuation	
Residential/Agricultural	\$ 12,899,000
Commercial/Industrial	5,414,280
Public Utilities	3,590
Tangible Personal Property	
General - 2002 Valuation	857,010
Public Utilities - 2001 Valuation	<u>812,980</u>
Total Valuation	<u>\$ 19,986,860</u>

The Auglaize County Treasurer collects property tax on behalf of all taxing districts within the County. The Auglaize County Auditor periodically remits to the taxing districts their portions of the taxes collected.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 6 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains comprehensive insurance coverage with the Ohio Government Risk Management Plan for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The Ohio Government Risk Management Plan (the "Plan") is a non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide a formalized, jointly administered self-insurance program to maintain self-insurance protection, risk management programs and other administrative services. Members of the Plan are relatively small political subdivisions.

The Plan has chosen to adopt the forms and endorsements of conventional insurance and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have excess reinsurance coverage above the retention amount. Therefore, the individual members are only responsible for their self-insurance (deductible) amounts which vary from member to member.

The following schedule represents types of insurance, amount of coverage and the deductible amounts of the Village:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$3,000,000/5,000,000	\$ -
Law Enforcement Liability	3,000,000/4,000,000	1,000
Public Official Liability	3,000,000/5,000,000	1,000
Wrongful Acts	3,000,000/4,000,000	1,000
Automobile	3,000,000	250
Bond	25,000	-
Crime	2,000	-
Commercial Property Coverage including Boiler and Machinery and the East/West Lift Station	90% Coinsurance	500

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

NOTE 7 - RETIREMENT SYSTEMS

The Village's enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and officials 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. The Village has paid all contributions required through December 31, 2002.

VILLAGE OF CRIDERSVILLE
Auglaize County

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 8 - LEGAL COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, the Auditor performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's recommendations and citations are included in a separate part of this presentation.

NOTE 9 - LITIGATION

It is the opinion of the fiscal officer that any current or future claims will either result in a favorable outcome or be covered by current insurance policies so as not to materially affect the overall financial position of the Village of Cridersville.

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The CPA. Never under estimate The Value.™

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL
CONTROL BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Village of Cridersville
Auglaize County
110 W. Main Street
Cridersville, Ohio 45806

To the Village Council:

We have audited the financial statements of the Village of Cridersville, Auglaize County, Ohio, as of and for the years ended December 31, 2002 and 2001 and have issued our report thereon dated May 29, 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 financial statements of the Village of Cridersville 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 findings 2002-001 and 2002-002. We also noted an immaterial instance of noncompliance that we have noted to the management of the Village of Cridersville in a separate letter dated May 29, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Cridersville'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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgement, could adversely affect the ability of the Village of Cridersville, Ohio to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings as findings 2002-003 through 2002-007.

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 matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items number 2002-003 through 2002-007 to be material weaknesses.

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 May 29, 2003.

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

LeVallee & Company, CPAs

May 29, 2003

VILLAGE OF CRIDERSVILLE
Auglaize County

SCHEDULE OF AUDIT FINDINGS
December 31, 2002 and 2001

COMPLIANCE

Finding Number - 2002-001

Ohio Rev. Code 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. 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 the following exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the Clerk/Treasurer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village 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. If the amount involved is less than one thousand dollars, the Clerk/Treasurer may authorize it to be paid without the affirmation of the Village Council.

During our testing of expenditures, out of sixty items tested, we noted that 5% of the time, purchase orders were not issued.

Finding Number - 2002-002

Sections 5705.41(B) Revised Code, states that the village clerk shall not allow the amount set aside for any appropriations to be overdrawn and that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The following funds had expenditures that exceeded their appropriations:

<u>For 2001</u>	<u>Excess</u>
General Fund	\$57,950
Enforcement and Education	820
North Street/North PL Debt Retirement Fund	1,381
Wyandot St. Debt Retirement Fund	2,275
Municipal Expansion Fund	12,712
Sanitary Sewer Fund	19,814
Utility Deposit Fund	611
Sewer Replacement & Improvement Fund	2,119
Capital Projects Fund	45,128

<u>For 2002</u>	<u>Excess</u>
Enforcement and Education	\$ 2,902
Special Assessment Bond Retirement Fund	4,963
Sanitary Sewer Fund	13,127
Capital Projects Fund	17,792

VILLAGE OF CRIDERSVILLE
Auglaize County

SCHEDULE OF AUDIT FINDINGS (Continued)
December 31, 2002 and 2001

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding Number - 2002-003

We found that the payroll bank account was not being reconciled on a monthly basis. This needs to be done to review the activity and to verify that the cash balance is correct. This should be done by someone other than the one who prepares or signs checks. If not, then it should be reviewed by someone else, possibly a council member.

Finding Number - 2002-004

To strengthen internal control and administrative controls, we recommend that a finance committee, comprised of members of Council, periodically review the records and monthly financial statements to determine that proper procedures are being followed and that the bank reconciliations, cashbook and ledgers support the statements submitted. To achieve this, the following should be performed:

1. Reconciliation of the bank statement and investments with the cashbook balance to ensure that the amounts correspond. Also, verify that the balance of the cashbook includes all active and invested money under the control of the Village.
2. Review of the following month's bank statement to verify that the prior month's reconciling items, such as deposits-in-transit and outstanding checks, were accurately stated.

In addition to performing such a review, the officials' signatures or initials should be affixed to the documents, or other evidence should be retained documenting such reviews were performed. Council should also prepare a policy and procedure manual which outlines the duties of each employee and the manner in which such duties are to be performed. Council may refer to the Ohio Administrative Code which outlines the manner in which the records are to be maintained and the Ohio Village handbook which provides instruction in Village accounting procedures.

Finding Number 2002-005

We found that the Cash Basis Annual Financial Report did not classify funds in the same fund type as they were identified in the Certificate of Estimated Resources and Appropriations Report. Specifically, the general ledger fund numbers 506, 510 and 511 were identified as Debt Service Funds in the filings with the County Auditor's Office but were reported as Enterprise Funds on the Annual Financial Reports for both 2001 and 2002.

According to the Village Handbook, fund numbers in the 5000 series are normally Enterprise Funds. Accounts beginning with 3000 are for Debt Service Funds.

Management needs to be consistent in the use of the fund account numbers in reporting estimated revenues, appropriations and in the financial reporting.

VILLAGE OF CRIDERSVILLE
Auglaize County

SCHEDULE OF AUDIT FINDINGS (Continued)
December 31, 2002 and 2001

INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)

Finding Number 2002-006

In both 2001 and 2002, we found that proceeds from new loans were not properly accounted for. We found the proceeds were recorded as charges for services and transfers-in. Several adjustments were made to properly report this activity.

We recommend the accounting staff familiarize themselves on how these transactions need to be recorded.

Finding Number 2002-007

We found that the Village received grants and a loan from the Ohio Public Works Commission for various capital projects. The funds were paid directly to the contractors. Neither the receipt or payment of these funds were recorded on the Village's general ledger or financial reports for 2001 and 2002.

Further, it does not appear that these funds were considered in the Certificate of Estimated Resources or Appropriations.

We recommend the Village record this activity in the future as if the cash is to be received and then paid out. It is required that these funds be included in the appropriations.

VILLAGE OF CRIDERSVILLE
Auglaize County

STATUS OF PRIOR AUDIT FINDINGS
December 31, 2002 and 2001

Finding Number	Finding Summary	Fully Corrected?	Explanation
2000-001	Sections 5705.39 Appropriations limited by estimated resources.	Yes	
2000-002	Section 5705.28 Adoption of tax budget	Yes	
2000-003	Section 5705.41(D) Certification of expenditures	No	Our testing found that the Village is still in violation. See finding number 2002-001. Officials responded that they will continue to work toward compliance.
2000-004	Section 5705.41(B) Appropriations and expenditures of money	No	Our testing found that expenditures exceeded appropriation in funds listed at finding number 2002-002. Officials responded that they will continue to work toward compliance.
2000-005	The finance committee is not reviewing reports listed in 2002-004.	No	Officials responded that they will continue to work toward compliance.



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VILLAGE OF CRIDERSVILLE

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 4, 2003**