



**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF ARCADIA  
HANCOCK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

We have audited the accompanying financial statements of the Village of Arcadia, Hancock County, Ohio, (the Village) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As described in Note 2 to the accompanying financial statements, the Village reclassified the Debt Service Fund in 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2000 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

October 24, 2000

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$10,412	\$9,096	\$19,508
Intergovernmental Receipts	71,779	16,968	88,747
Fines, Licenses, and Permits	134		134
Miscellaneous	21,868	2,240	24,108
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	104,193	28,304	132,497
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Public Health Services	1,214		1,214
Leisure Time Activities	1,426		1,426
Basic Utility Services		3,186	3,186
Transportation		5,037	5,037
General Government	49,849		49,849
Capital Outlay	1,631	1,299	2,930
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,120	9,522	63,642
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	50,073	18,782	68,855
Fund Cash Balances, January 1	95,156	90,081	185,237
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$145,229</b>	<b>\$108,863</b>	<b>\$254,092</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31			

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

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$370,675
Miscellaneous	15,794
	386,469
<b>Operating Cash Disbursements:</b>	
Personal Services	35,984
Contractual Services	195,080
Supplies and Materials	25,748
Capital Outlay	684,897
	941,709
Operating Loss	(555,240)
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	37,968
Intergovernmental Receipts	450,000
Proceeds from Loan	225,651
Miscellaneous	4,325
Other Non-Operating Receipts	8,237
	726,181
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	65,066
Other Non-Operating Cash Disbursements	1,230
	66,296
Excess of Receipts Over Disbursements	104,645
Fund Cash Balances, January 1	390,238
<b>Fund Cash Balances, December 31</b>	<b>\$494,883</b>
Reserve for Encumbrances, December 31	\$2,385,158

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



**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Arcadia, Hancock 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 electric and sewer utilities.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

Storm Sewer Fund: This fund receives real and personal property tax money for maintaining and repairing storm sewers.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**3. 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 Construction Fund - This fund receives grant money, debt proceeds and tap in fees to pay for the construction of a waterline to bring water to the Village.

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

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of 1999 budgetary activity appears in Note 4.

**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.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. PRIOR PERIOD RESTATEMENT**

In prior years the Village classified the fund used for sewer debt payments as a Debt Service Fund. For fiscal year 1999, this fund has been appropriately reclassified as an Enterprise Fund.

The effect on the excess of receipts and other financing sources over disbursements and other uses as previously reported for the year ended December 31, 1998 is as follows:

	<u>Debt Service</u>	<u>Enterprise</u>
Excess as previously reported	\$19,162	\$49,555
Restatement to Enterprise Fund Type	(19,162)	19,162
Restated amounts for the year ended December 31, 1998	_____	\$68,717

This change had the following effects on fund cash balance as it was previously reported as of December 31, 1998:

	<u>Debt Service</u>	<u>Enterprise</u>
Fund Cash Balance as previously stated	\$252,518	\$137,720
Restatement to Enterprise Fund type	(252,518)	252,518
Restated Balance as of December 31, 1998	_____	\$390,238

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

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

	<u>1999</u>
Demand deposits	\$576,975
Certificates of deposit	172,000
Total deposits	\$748,975

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

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 follows:

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,573	\$104,193	\$42,620
Special Revenue	22,582	28,304	5,722
Enterprise	3,426,111	1,112,650	(2,313,461)
Total	<u>\$3,510,266</u>	<u>\$1,245,147</u>	<u>(\$2,265,119)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,107	\$54,120	\$83,987
Special Revenue	109,064	9,522	99,542
Enterprise	3,838,566	3,393,163	445,403
Total	<u>\$4,085,737</u>	<u>\$3,456,805</u>	<u>\$628,932</u>

**5. COMPLIANCE**

The Village did not certify the availability of funds throughout the year as required by Ohio Revised Code § 5705.41(D).

The Village had \$2,385,159 in outstanding purchase/contract commitments, at December 31, 1999, that were not properly certified and as a result they were inappropriately charged against 2000 appropriations.

**6. PROPERTY TAX**

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

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.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**7. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #0215	\$573,886	2.00%
Ohio Water Development Authority Loan #0783	149,039	7.36%
Ohio Water Development Authority Loan	225,651	6.13%
Promissory Note from Sewer Debt Fund to Electric Fund	39,516	5.00%
Total	\$988,092	

The Ohio Water Development Authority (OWDA) loans #0215 and 0783 relate to a sewer system construction project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$32,408, including interest, over 25 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer Debt Service Fund loaned the Electric Fund \$60,000 for the purchase of an aerial bucket truck. The electric fund agreed to make monthly payments of \$637, including interest, over 10 years.

The OWDA loan #9048 relates to a waterline and water tank project. The OWDA has approved up to \$613,305 in loans to the Village for this project. As of December 31, 1999 the Village has received \$255,651 of the approved loan. No amortization schedule is provided for this loan, the annual debt service requirements will be determined when the project is complete.

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

Year ending December 31:	OWDA Loan #0215	OWDA Loan #0783	Promissory Note
2000	\$23,702	\$8,706	\$7,637
2001	47,404	17,412	7,637
2002	47,404	17,412	7,637
2003	47,404	17,412	7,637
2004	47,404	17,412	7,637
Subsequent	450,328	165,412	7,637
Total	\$663,646	\$243,766	\$45,822

**8. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**9. RISK MANAGEMENT**

The Village is a member of the Ohio Government Risk Management Plan. The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle

**10. JOINT VENTURE**

The Village is a participant with forty-one other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5 - Belleville Project. The Village of Arcadia's ownership share of this project is 0.11 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership. Payment began in 1994.

Year Ending December 31	Participant Principal	Participant Interest	Participant Debt Service
2000	\$3,284	\$8,718	\$12,002
2001	3,443	8,562	12,005
2002	3,608	8,394	12,002
2003	3,790	8,214	12,004
2004	3,982	8,025	12,007
Subsequent	144,495	95,578	240,073
Total	<u>\$162,602</u>	<u>\$137,491</u>	<u>\$300,093</u>

The joint venture is defendant in lawsuit seeking damages for a construction project. As of the date of this report we were unable to determine the amount of the potential liability.

**11. OUTSTANDING CONTRACTUAL COMMITMENTS**

The Village had outstanding contractual commitments at December 31, 1999 in the amount of \$2,199,896 for waterline and water tank projects. This amount includes \$22,703 of retainage for Municipal Pipe Contractors.

**12. SUBSEQUENT EVENTS**

The Village has begun the process of bringing water to the Village of Arcadia from the City of Fostoria. Funding for this project has been obtained in the form of a loan from the Ohio Water Development Authority and a grant of approximately \$2,000,000 from the United States Department of Agriculture.

VILLAGE OF ARCADIA  
HANCOCK COUNTY

SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Disbursements
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <i>Ohio Department of Development</i>		
Community Development Block Grant	14.228	<u>\$450,000</u>

*The notes to the schedule of federal award expenditures are an integral part of this statement.*

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARD EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Award Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.





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

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

We have audited the accompanying financial statements of the Village of Arcadia, Hancock County, Ohio, (the Village) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 24, 2000 wherein we noted that the Village reclassified its debt service fund during 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audit 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30232-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated October 24, 2000.

**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 October 24, 2000.

Village of Arcadia  
Hancock County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

October 24, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Arcadia, Hancock County, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal program. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, management, the Village Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the signature.

**Jim Petro**  
Auditor of State

October 24, 2000

VILLAGE OF ARCADIA  
HANCOCK COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant; CFDA # 14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: All Others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 1999-30232-001**

**Noncompliance Citation**

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

This section also provides two exception 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 appropriated and free of any previous encumbrance, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

None of the sixty transactions tested received prior certification nor were they certified using a then-and-now certification. In addition, as of December 31, 1999, the Village had \$2,385,159 in outstanding purchase commitments that were not properly certified and as a result were charged against fiscal year 2000 appropriations. The accompanying financial statements and budgetary footnote have been adjusted to reflect these amounts as outstanding encumbrance at December 31, 1999.

Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council. To improve controls over disbursements, it is recommended that all Village disbursements receive prior certification of the Clerk and that the Council periodically review the expenditures made to ensure they are within the appropriations adopted by the Council, certified by the Clerk and recorded against appropriations.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**VILLAGE OF ARCADIA**

**HANCOCK 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  
NOVEMBER 14, 2000**