

VILLAGE OF CALDWELL



**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1999**

VILLAGE OF CALDWELL
NOBLE COUNTY

DECEMBER 31, 1999

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OFFICE OF THE AUDITOR

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Mayor and Members of Council
Village of Caldwell
Caldwell, Ohio 43724

We have reviewed the Independent Auditor's Report of the Village of Caldwell, Noble County, prepared by Rea & Associates, Inc., for the audit period January 1, 1999 through December 31, 1999. 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 Caldwell is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Jim Petro".

JIM PETRO
Auditor of State

June 26, 2000

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Rea & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2000

Mayor and Members of Council
Village of Caldwell
Caldwell, OH 43724

Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Caldwell (the "Village") as of and for the year ended December 31, 1999, 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 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 cash balances of the Village of Caldwell as of December 31, 1999, and the revenues it received and expenditures it paid, and budgeted receipts, appropriations, and encumbrances for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 17, 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.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima

VILLAGE OF CALDWELL
NOBLE COUNTY

COMBINED STATEMENT OF CASH, INVESTMENTS, AND
FUND CASH BALANCES - ALL FUND TYPES
AS OF DECEMBER 31, 1999

CASH AND INVESTMENTS \$ 4,575,405

CASH BALANCES BY FUND TYPE

GOVERNMENT FUNDS:

General Fund	\$ 1,868,412
Special Revenue Funds	148,102
Capital Projects Funds	12,544

PROPRIETARY FUNDS:

Enterprise Funds	2,458,052
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FIDUCIARY FUNDS:

Nonexpendable Trust Funds	87,913
Agency Funds	<u>383</u>

Total all funds \$ 4,575,406

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

VILLAGE OF CALDWELL
NOBLE COUNTY

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

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
RECEIPTS:				
Taxes	\$ 29,789	\$ 0	\$ 0	\$ 29,789
Intergovernmental revenue	38,663	72,299	317,098	428,060
Special assessments	1,817	0	0	1,817
Charges for services	175	18,081	0	18,256
Fines, licenses and permits	3,863	0	0	3,863
Interest	204,085	2,132	194	206,411
Miscellaneous	36,499	438	2,300	39,237
<i>Total receipts</i>	314,891	92,950	319,592	727,433
DISBURSEMENTS:				
Current:				
Security of persons	110,929	1,281	0	112,210
Public health services	990	2,510	0	3,500
Leisure time activities	2,283	0	0	2,283
Community Environment	4,000	0	0	4,000
Transportation	109,804	34,694	0	144,498
General government	73,516	0	0	73,516
Capital outlay	67,435	40,660	239,224	347,319
<i>Total disbursements</i>	368,957	79,145	239,224	687,326
<i>Excess of receipts over (under) disbursements</i>	(54,066)	13,805	80,368	40,107
OTHER FINANCING USES:				
Transfers-Out	(142,329)	(17,924)	0	(160,253)
Advances-Out	0	0	(192,216)	(192,216)
<i>Excess of disbursements over receipts and other financing uses</i>	(196,395)	(4,119)	(111,848)	(312,362)
<i>FUND CASH BALANCES, January 1</i>	2,064,807	152,221	124,392	2,341,420
<i>FUND CASH BALANCES, December 31</i>	<u>\$ 1,868,412</u>	<u>\$ 148,102</u>	<u>\$ 12,544</u>	<u>\$ 2,029,058</u>

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

VILLAGE OF CALDWELL
NOBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - ALL PROPRIETARY FUND TYPES
AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Funds	Agency Funds	
OPERATING RECEIPTS:				
Charges for services	\$ 1,813,749	\$ 850	\$ 0	\$ 1,814,599
Other/Miscellaneous	2,092	4,349	0	6,441
<i>Total operating receipts</i>	<u>1,815,841</u>	<u>5,199</u>	<u>0</u>	<u>1,821,040</u>
OPERATING DISBURSEMENTS:				
Personal services	418,189	0	0	418,189
Contractual services	123,591	0	0	123,591
Material and supplies	284,781	0	0	284,781
Capital outlay	144,713	0	0	144,713
<i>Total operating disbursements</i>	<u>971,274</u>	<u>0</u>	<u>0</u>	<u>971,274</u>
<i>Operating income</i>	844,567	5,199	0	849,766
NON-OPERATING RECEIPTS:				
Intergovernmental revenues	459,444	0	0	459,444
NON-OPERATING DISBURSEMENTS:				
Debt service:				
Principal retirement	453,939	0	0	453,939
Interest and fiscal charges	220,764	0	0	220,764
<i>Total non-operating disbursements</i>	<u>674,703</u>	<u>0</u>	<u>0</u>	<u>674,703</u>
<i>Net income before transfers and advances</i>	629,308	5,199	0	634,507
Transfers-In	353,938	0	0	353,938
Transfers-Out	(193,685)	0	0	(193,685)
Advances-In	192,216	0	0	192,216
<i>Net income</i>	981,777	5,199	0	986,976
<i>FUND BALANCES, January 1</i>	<u>1,476,275</u>	<u>82,714</u>	<u>383</u>	<u>1,559,372</u>
<i>FUND BALANCES, December 31</i>	<u>\$ 2,458,052</u>	<u>\$ 87,913</u>	<u>\$ 383</u>	<u>\$ 2,546,348</u>

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

VILLAGE OF CALDWELL
NOBLE COUNTY

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Fund Types/Funds</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
GOVERNMENTAL FUNDS:			
General Fund	\$ 255,592	\$ 314,891	\$ 59,299
Special Revenue Fund	64,774	92,950	28,176
Capital Project Fund	20,000	319,592	299,592
PROPRIETARY FUNDS:			
Enterprise Funds	2,295,370	2,629,223	333,853
FIDUCIARY FUNDS:			
Nonexpendable Trust Funds	550	5,199	4,649
<i>Total all funds</i>	<u>\$ 2,636,286</u>	<u>\$ 3,361,855</u>	<u>\$ 725,569</u>

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

VILLAGE OF CALDWELL
NOBLE COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types/Funds	Reserve for	Appropriations	Disbursements	Reserve for	Total	Variance Favorable (Unfavorable)
	Encumbrances as of 12/31/1998	Year Ended 12/31/1999	for the Year Ended 12/31/1999	Encumbrances as of 12/31/1999		
GOVERNMENTAL FUNDS:						
General Fund	\$ 0	\$ 511,286	\$ 511,286	\$ 0	\$ 511,286	\$ 0
Special Revenue Fund	0	144,599	97,069	0	97,069	47,530
Capital Project Fund	0	26,000	239,224	0	239,224	(213,224)
		<u>Total</u>				
			\$ 2,287,370	\$ 1,839,672	\$ 1,839,672	\$ 447,698
PROPRIETARY FUNDS:						
Enterprise Funds	0	2,287,370	1,839,672	0	1,839,672	447,698
FIDUCIARY FUNDS:						
Nonexpendable Trust Funds	0	0	0	0	0	0
<i>Total all funds</i>	\$ 0	\$ 2,969,255	\$ 2,687,251	\$ 0	\$ 2,687,251	\$ 282,004

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

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Caldwell 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.

The Village provides the following services: police and fire protection, water and wastewater utilities, recreation, street maintenance, and development.

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

The Village prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

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.

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds

Special revenue funds account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Capital Projects Funds

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds account for 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 and Agency Funds

Trust and agency funds account for assets held by a governmental unit in a trustee capacity for the Village or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Nonexpendable Trust Funds and Agency Funds.

E. BUDGETARY PROCESS

Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year for the subsequent January 1 to December 31 calendar year.

Estimated Resources

The county budget commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. BUDGETARY PROCESS (Continued)

Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriation.

Interfund advances are not budgeted. Therefore, budgeted and actual amounts for advances are not referenced in the accompanying budgetary financial statements.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period of January 1 to March 31.

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. 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.

NOTE 2: EQUITY IN POOLED INVESTMENTS

The Village maintains an investment pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances" as "Cash Balances by Fund Type."

Legal Requirements

State law requires the classification of monies held by the Village into three categories.

Category 1 consists of "active" monies that are required to be kept in a "cash" or "near-cash" status for immediate use by the Village. Such monies must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts.

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2: EQUITY IN POOLED INVESTMENTS (Continued)

Category 2 consists of "inactive" monies that are not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" monies that are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim monies may be invested or deposited in the following securities:

1. Bonds, notes or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim deposits;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

Deposits

At year-end, the carrying amount of the Village's deposits was \$2,998,385, and the bank balance was \$3,065,716. Of the bank balance \$3,065,716 was covered by federal depository insurance or by collateral held by a third party trustee in the name of the Village.

Investments

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Village or by a qualified third party trustee in the Village's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name.

Category 3 includes insured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Village's name.

<u>Funds with Broker</u>	<u>Category</u>			<u>Carrying Value</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
G.N.M.A. Pool	\$ <u>0</u>	\$ <u>1,577,021</u>	\$ <u>0</u>	\$ <u>1,577,021</u>	\$ <u>1,513,045</u>

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2: EQUITY IN POOLED INVESTMENTS (Continued)

The Village invested monies with a broker operating in the State of Ohio. The Village's account is insured by the Securities Investors Protection Corporation.

NOTE 3: PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% 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 for Noble County.

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 tax year 1999 was \$1.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$1.80 per \$1,000 of assessed valuation for real property classified as residential/ agricultural and \$1.80 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 tax year 1999 was \$1.80 per \$1,000 of assessed valuation.

Real property - 1998 valuation:

Residential/Agricultural	\$ 10,222,540
Commercial/Industrial	4,094,220
Public Utility	1,600,970

Tangible Personal Property - 1999 valuation:

General	<u>1,424,000</u>
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Total valuation \$ 17,341,730

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

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4: DEBT OBLIGATIONS

Debt outstanding at December 31, 1999 consisted of the following:

Mortgage Revenue Bonds:			
Principal outstanding		\$	1,300,600
Interest rate			6.25%
FHLA Loan:			
Principal outstanding		\$	46,159
Interest rate			3.225/3.253%
O.W.D.A. Loan (Sewer-Plant):			
Principal outstanding		\$	1,664,925
Interest rate			2%
O.W.D.A. Loan (Sewer-Prison):			
Principal outstanding		\$	2,348,908
Interest rate			2.2%
O.W.D.A. Loan (Sewer-Lines):			
Principal outstanding		\$	561,759
Interest rate			2.2%

Mortgage revenue bonds are for improvements to utilities and further improvements and extensions for water services. Revenue of the Water Fund has been pledged to repay these debts.

FHLA and OWDA loans were used for improvements to the Village's utility systems. Water and sewer revenues are being used to retire these debts.

The OWDA loans (Sewer-Prison) and (Sewer-Lines) proceeds were used to expand the sewer system facility and lines to provide service for the new prison.

During November 1999 the Village was notified by OWDA that it had received emergency relief funding due to the June 1998 flood. The amounts received by the Village were used to pay the 1999 installments due on the sewer loans. The installment amounts due in 1999, paid by the funding received, are as follows:

	<u>Sewer-Plant</u>	<u>Sewer-Prison</u>	<u>Sewer-Lines</u>	<u>Total</u>
Principal	\$ 139,772	\$ 113,744	\$ 27,647	\$ 281,163
Interest	<u>36,817</u>	<u>55,822</u>	<u>13,568</u>	<u>106,207</u>
Total	<u>\$ 176,589</u>	<u>\$ 169,566</u>	<u>\$ 41,215</u>	<u>\$ 387,370</u>

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4: DEBT OBLIGATIONS (Continued)

The annual requirements to amortize the long-term debt outstanding as of December 31, 1999, including interest payments of \$1,646,031 are as follows:

Year	GE					Total
	FHIA Loan	Capital Loan Mortgage Revenue Bond	OWDA Loan (Sewer Plant)	OWDA Loan (Sewer Prison)	OWDA Loan (Sewer Lines)	
2000	\$ 6,800	\$ 100,030	\$ 176,589	\$ 166,366	\$ 39,788	\$ 489,573
2001	6,800	99,280	176,589	166,366	39,788	488,823
2002	6,800	100,480	176,589	166,366	39,788	490,023
2003	6,800	99,530	176,589	166,366	39,788	489,073
2004	6,800	100,530	176,589	166,366	39,788	490,073
2005-2009	19,059	499,550	882,945	831,828	198,938	2,432,320
2010-2014		499,500	88,298	831,828	198,938	1,618,564
2015-2019		491,950		332,730	79,573	904,253
2020-2023		165,680				165,680
Total	\$ 53,059	\$2,156,530	\$1,854,188	\$2,828,216	\$ 676,389	\$7,568,382

NOTE 5: EMPLOYEES' RETIREMENT SYSTEMS

The employees of the Village were covered by the Public Employees' Retirement System of Ohio, a multiple-employer cost sharing plan. The State of Ohio accounts for the activities of the retirement system, and the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 1999, Village employees contributed 8.5 percent of their gross wages. The Village matched this with a contribution equal to 13.55 percent of the employees' gross wages.

The firemen and policemen of the Village were covered by the Police and Firemen's Disability and Pension Fund, also accounted for by the State of Ohio and also not reflected in the accompanying financial statements. Policemen and Firemen contributed 10.0 percent of their gross wages to the plan and the Village matched this with a contribution equal to 24.0 percent of Firemen's and 19.5 percent of policemen's gross wages.

The pension contribution requirement for the Village for the year ended December 31, 1999 was \$110,580, which consisted of \$42,020 from employees and \$68,560 from the employer.

VILLAGE OF CALDWELL
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

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 contracts with Personal Service Insurance Company for property and general liability insurance, which includes boiler and machinery coverage.

Vehicles were covered by Personal Service Insurance Company and held a \$250 deductible. Automobile liability coverage has a \$1,000,000 limit for collision, and a \$1,000,000 limit for bodily injury. Settled claims have not exceeded any aforementioned commercial coverages in any of the past three years.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village provides life insurance, accidental death, and dismemberment insurance to its employees.

The Village contracts with Benicorp for employee hospitalization insurance. The Village still pays up to a maximum of \$227.00 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

The Village contracts with Allstate for National Flood Insurance as required by the Federal Emergency Management Agency (FEMA). The insurance coverages obtained are in accordance with FEMA regulations needed for any reimbursement claims that may occur in the future.

NOTE 7: INTERFUND CASH TRANSFERS AND ADVANCES

The Village advanced \$100,000 and \$400,000 from the Water Fund and Sewer Fund, respectively, to the FEMA Fund in 1998. The total amount of FEMA proceeds received in 1998 and 1999 was \$451,597, including administration fees of \$9,835. The Village incurred total expenses of \$760,866 related to projects approved by FEMA. Portions of the advance were paid back out of the FEMA Fund to the Water and Sewer Funds in the amounts of \$48,054 and \$144,162, respectively.

The General Fund and Street Fund incurred expenses in excess of FEMA proceeds in the amounts of \$142,329 and \$17,924, respectively. These amounts were initially paid from the FEMA Fund, which was initially funded by the Water and Sewer Fund as stated above. Transfers from these funds to the Water and Sewer Funds have been recorded in 1999.

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Rea & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2000

Mayor and Members of Council
Village of Caldwell
Caldwell, OH 43724

Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the financial statements of the Village of Caldwell (the "Village") as of and for the year ended December 31, 1999, and have issued our report thereon dated May 17, 2000. 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.

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*. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 17, 2000

Ohio Revised Code Noncompliance

1. Ohio Rev. Code Section 5705.41(B) requires that no taxing district is to expend money unless it has been appropriated.

The Village had expenditures exceeding appropriations in the FEMA Fund and Issue II – Waterline Fund amounting to \$235,998 and \$72,074, respectively.

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Village of Caldwell
Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
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Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated May 17, 2000.

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

Rea & Associates, Inc.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF CALDWELL

NOBLE 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.

By: Susan Babbitt

Date: JULY 13, 2000