



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF CALDWELL
NOBLE COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Caldwell
Noble County
215 West Street
Caldwell, Ohio 43724

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Caldwell, Noble County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Efficient • Effective • Transparent

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and related notes of the Village of Caldwell, Noble County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2020

Village of Caldwell, Ohio

Noble County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$42,916	\$0	\$0	\$42,916
Municipal Income Tax	462,762	0	0	462,762
Intergovernmental	28,797	105,727	0	134,524
Charges for Services	20	6,876	0	6,896
Fines, Licenses and Permits	210	0	0	210
Earnings on Investments	142,645	153	160	142,958
Miscellaneous	15,726	2,125	0	17,851
<i>Total Cash Receipts</i>	<u>693,076</u>	<u>114,881</u>	<u>160</u>	<u>808,117</u>
Cash Disbursements				
Current:				
Security of Persons and Property	20,526	1,589	0	22,115
Public Health Services	0	6,417	0	6,417
Leisure Time Activities	3,340	0	0	3,340
Community Environment	6,874	0	0	6,874
Transportation	276,727	157,964	0	434,691
General Government	252,409	0	0	252,409
Capital Outlay	0	3,858	0	3,858
<i>Total Cash Disbursements</i>	<u>559,876</u>	<u>169,828</u>	<u>0</u>	<u>729,704</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>133,200</u>	<u>(54,947)</u>	<u>160</u>	<u>78,413</u>
Other Financing Receipts (Disbursements)				
Other Financing Uses	(5,420)	0	0	(5,420)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,420)</u>	<u>0</u>	<u>0</u>	<u>(5,420)</u>
<i>Net Change in Fund Cash Balances</i>	127,780	(54,947)	160	72,993
<i>Fund Cash Balances, January 1</i>	<u>2,135,218</u>	<u>363,498</u>	<u>98,246</u>	<u>2,596,962</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	4,227	4,227
Restricted	0	308,551	94,179	402,730
Unassigned (Deficit)	2,262,998	0	0	2,262,998
<i>Fund Cash Balances, December 31</i>	<u>\$2,262,998</u>	<u>\$308,551</u>	<u>\$98,406</u>	<u>\$2,669,955</u>

See accompanying notes to the basic financial statements

Village of Caldwell, Ohio
Noble County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$2,599,283</u>
<i>Total Operating Cash Receipts</i>	<u>2,599,283</u>
Operating Cash Disbursements	
Personal Services	579,230
Employee Fringe Benefits	212,017
Contractual Services	300,736
Supplies and Materials	370,605
Other	<u>5,988</u>
<i>Total Operating Cash Disbursements</i>	<u>1,468,576</u>
<i>Operating Income (Loss)</i>	<u>1,130,707</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	0
Sale of Notes	15,346
Miscellaneous Receipts	10,725
Capital Outlay	(458,693)
Principal Retirement	(335,199)
Interest and Other Fiscal Charges	<u>(17,897)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(785,718)</u>
<i>Net Change in Fund Cash Balances</i>	344,989
<i>Fund Cash Balances, January 1</i>	<u>6,708,179</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,053,168</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Caldwell, Noble County (the Village), as a body corporate and politic. A publicly – elected six member Council directs the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads and park operations. The Village contracts with the Caldwell Volunteer Fire Department to receive fire protection services. The Village also has a three member Board of Public Affairs selected at large for four year terms. This board oversees the business funds of water and sewer.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 –Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance, and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of streets within the Village.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Cemetery Perpetual Care Fund This fund receives interest earned on the principal corpus from a trust agreement. These earnings are used for the general and upkeep of the Village's cemetery.

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

Water Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). These statements include adequate disclosure of material matters as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2019 budgetary activity appears in Note 3.

Deposit and Investments

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

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

The Village values certificates of deposit and mortgage-backed securities at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into three classifications based primarily on the extent to which the village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purpose for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$443,840	\$693,076	\$249,236
Special Revenue	95,900	114,881	18,981
Enterprise	4,482,700	2,625,354	(1,857,346)
Permanent	700	160	(540)
Total	\$5,023,140	\$3,433,471	(\$1,589,669)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$677,093	\$565,296	\$111,797
Special Revenue	267,200	169,828	97,372
Enterprise	4,811,000	2,280,365	2,530,635
Permanent	10,200	0	10,200
Total	\$5,765,493	\$3,015,489	\$2,750,004

Note 4 – Deposits and Investments

	2019
Demand deposits	\$3,221,899
Certificates of deposit	819,636
Other time deposits (savings accounts)	16,279
Total deposits	4,057,814
Money Market Account	167,261
Mortgage-Backed Securities	5,498,048
Total investments	5,665,309
Total deposits and investments	\$9,723,123

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

Mortgage-backed securities are held in book-entry form by Raymond James, in the name of the Village. The financial institution maintains records identifying the Village as owner of these securities.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Note 5 –Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deductions amounts the State pays as Intergovernmental Receipts. Payments are due to the County by 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.

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

Income Taxes

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

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

Note 6 - Risk management

The Village contracts with Westfield for national flood insurance as required by the Federal Emergency Management Agency. The insurance coverage obtained is in accordance with FEMA regulations needed for reimbursement claims that may occur in the future.

The Village belongs to the Ohio Plan Risk Management Inc. (OPRM) (the “Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“members”). The Plan is legally separated from its member governments.

Pursuant to section 2744-081 of the Ohio Revised Code, the plan provides property, liability errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

Three of the Villages employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of employee's gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Note 9 - Debt

Debt Outstanding at December 31, 2019 as follows:

	<u>Account</u>	<u>Principal</u>	<u>Interest Rate</u>
Berkadia Mortgage Revenue Bond		\$154,600	5.00%
OPWC - Sewer Replacement	CR15G	34,555	2.00%
OPWC - GAC Water Treatment Project	CR22J	135,000	0.00%
OPWC - Sunset Drive Sewer Project	CT62I	4,875	0.00%
OPWC - WWTP Headworks Project	CT75H	48,730	0.00%
OPWC - Water Transmission Main Replacement	CT68O	137,700	0.00%
OPWC - Water Feed Line Replacement	CR24R	20,984	0.00%
OPWC - Combined Sewer Separation Area B	CR22P	114,129	0.00%
OPWC - Sewer Area A	CT60S	184,054	0.00%
OWDA - Water Treatment	4742	212,812	1.50%
OWDA - Water Replacement	5592	61,027	2.00%
OWDA - Sewer Replacement	5593	44,787	2.00%
OWDA - Combined Sewer Separation	5665	252,745	0.00%
OWDA - Combined Sew Sep Phase 2, Area B	6680	1,264,359	0.00%
OWDA - Combined Sew Sep Phase 3, Area A	7408	916,846	0.00%
OWDA - Combined Sew Sep Phase 3, Area F	7943	129,940	0.00%
OWDA - Combined Sew Sep Phase 3, Area F	8234	(882)	0.00%
		<u>\$3,716,261</u>	

The Berkadia mortgage revenue bonds were for improvements to utilities and further improvements and extensions for water services. Revenue of the water fund has been pledged to repay these debts.

The Ohio Water Development Authority (OWDA) loan for Water Treatment was to make improvements to the Village's water treatment plant. The OWDA loans for Water and Sewer Replacement are for the movement of existing lines. The OWDA loans for the Sewer Separation were for upgrades to the sewer lines. The OWDA loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The OWDA provided principal retirement for account #8234 Asset Management Plan (Drinking Water) in the amount of \$7,535. This is reflected in the financial statements as OWDA Principal Forgiveness.

The Ohio Public Works Commission (OPWC) loans were used for a sanitary sewer replacement project, a sanitary sewer improvement on Sunset Drive, the Wastewater Treatment Plant Headworks project, the GAC Water Treatment Project, the Water Transmission Main Replacement, the Water Feed Line Replacement, and the Combined Sewer Separation Area B. All loans are collateralized by water and sewer receipts. The Village has agreed to set rates sufficient to cover OPWC debt service requirements.

The OWDA-Combined Sewer Separation Phase 3, Area F (#7943) in the drawdown amount of \$129,940 is not included in the amortization schedule below due to this project still being in Letter of Credit stage and monies are still being drawn on this account.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Water Bonds
2020	65,453	54,393	95,330
2021	130,907	54,394	70,350
2022	130,907	54,394	
2023	130,905	54,393	
2024	130,907	54,393	
2025-2029	654,530	198,947	
2030-2034	505,466	107,345	
2035-2039	128,932	51,637	
2040-2044		32,865	
2045-2047		19,729	
Total	<u>\$1,878,007</u>	<u>\$682,490</u>	<u>\$165,680</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by grantor, principally the federal government. The grantor may require funding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However based on prior experience, management believes any funds would be immaterial.

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Caldwell, Ohio

Noble County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$40,407	\$0	\$0	\$40,407
Municipal Income Tax	183,935	0	0	183,935
Intergovernmental	26,271	91,208	0	117,479
Charges for Services	50	9,975	0	10,025
Fines, Licenses and Permits	255	0	0	255
Earnings on Investments	128,183	177	171	128,531
Miscellaneous	644	1,902	0	2,546
<i>Total Cash Receipts</i>	<u>379,745</u>	<u>103,262</u>	<u>171</u>	<u>483,178</u>
Cash Disbursements				
Current:				
Security of Persons and Property	20,963	1,576	0	22,539
Public Health Services	0	11,612	0	11,612
Leisure Time Activities	15,666	0	0	15,666
Community Environment	9,625	0	0	9,625
Transportation	164,376	90,623	0	254,999
General Government	107,731	0	0	107,731
<i>Total Cash Disbursements</i>	<u>318,361</u>	<u>103,811</u>	<u>0</u>	<u>422,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>61,384</u>	<u>(549)</u>	<u>171</u>	<u>61,006</u>
Other Financing Receipts (Disbursements)				
Other Financing Uses	(2,302)	0	0	(2,302)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,302)</u>	<u>0</u>	<u>0</u>	<u>(2,302)</u>
<i>Net Change in Fund Cash Balances</i>	59,082	(549)	171	58,704
<i>Fund Cash Balances, January 1</i>	<u>2,076,136</u>	<u>364,047</u>	<u>98,075</u>	<u>2,538,258</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	4,221	4,221
Restricted	0	363,498	94,025	457,523
Assigned	174,253	0	0	174,253
Unassigned (Deficit)	1,960,965	0	0	1,960,965
<i>Fund Cash Balances, December 31</i>	<u>\$2,135,218</u>	<u>\$363,498</u>	<u>\$98,246</u>	<u>\$2,596,962</u>

See accompanying notes to the basic financial statements

Village of Caldwell, Ohio
Noble County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,602,342
<i>Total Operating Cash Receipts</i>	<u>2,602,342</u>
Operating Cash Disbursements	
Personal Services	519,056
Employee Fringe Benefits	196,194
Contractual Services	293,427
Supplies and Materials	375,123
Other	8,410
<i>Total Operating Cash Disbursements</i>	<u>1,392,210</u>
<i>Operating Income (Loss)</i>	<u>1,210,132</u>
Non-Operating Receipts (Disbursements)	
Sale of Notes	108,620
Miscellaneous Receipts	8,540
Capital Outlay	(255,115)
Principal Retirement	(324,372)
Interest and Other Fiscal Charges	(22,773)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(485,100)</u>
<i>Net Change in Fund Cash Balances</i>	725,032
<i>Fund Cash Balances, January 1</i>	<u>5,983,147</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,708,179</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Caldwell, Noble County (the Village), as a body corporate and politic. A publicly – elected six member Council directs the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads and park operations. The Village contracts with the Caldwell Volunteer Fire Department to receive fire protection services. The Village also has a three member Board of Public Affairs selected at large for four year terms. This board oversees the business funds of water and sewer.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 –Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance, and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of streets within the Village.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Perpetual Care Fund This fund receives interest earned on the principal corpus from a trust agreement. These earnings are used for the general and upkeep of the Village’s cemetery.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

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

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

Sewer Operating Fund This fund receives charges or services from residents to cover the cost of providing this utility.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). These statements include adequate disclosure of material matters as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2- 03 (D) permit.

Budgetary process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 3.

Deposit and Investments

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

The Village values certificates of deposit and mortgage-backed securities at cost. Money market mutual funds are recorded at share values the mutual funds report.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into four classifications based primarily on the extent to which the village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments: or imposed by law through constitutional provisions.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purpose for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$307,250	\$379,745	\$72,495
Special Revenue	92,800	103,262	10,462
Enterprise	4,466,300	2,719,502	(1,746,798)
Permanent	600	171	(429)
Total	\$4,866,950	\$3,202,680	(\$1,664,270)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$454,372	\$320,663	\$133,709
Special Revenue	221,200	103,811	117,389
Enterprise	4,276,600	1,994,470	2,282,130
Permanent	10,200	0	10,200
Total	\$4,962,372	\$2,418,944	\$2,543,428

Note 4 – Deposits and Investments

Other time deposits (savings accounts)	16,280
Total deposits	4,139,832
Money Market Account	644,508
Mortgage-Backed Securities	4,520,801
Total investments	5,165,309
Total deposits and investments	\$9,305,141

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

Mortgage-backed securities are held in book-entry form by Raymond James, in the name of the Village. The financial institution maintains records identifying the Village as owner of these securities.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 5 –Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deductions amounts the State pays as Intergovernmental Receipts. Payments are due to the County by 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.

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

Income Taxes

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

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

Note 6 - Risk management

The Village contracts with Westfield for national flood insurance as required by the Federal Emergency Management Agency. The insurance coverage obtained is in accordance with FEMA regulations needed for reimbursement claims that may occur in the future.

The Village belongs to the Ohio Plan Risk Management Inc. (OPRM) (the “Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“members”). The Plan is legally separated from it’s member governments.

Pursuant to section 2744-081 of the Ohio Revised Code, the plan provides property, liability errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Three of the Villages employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of employee's gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 9 - Debt

Debt Outstanding at December 31, 2018 as follows:

	<u>Account</u>	<u>Principal</u>	<u>Interest Rate</u>
Berkadia Mortgage Revenue Bond		\$238,600	5.00%
OPWC - Sewer Replacement	CR15G	37,463	2.00%
OPWC - GAC Water Treatment Project	CR22J	142,500	0.00%
OPWC - Sunset Drive Sewer Project	CT62I	5,250	0.00%
OPWC - WWTP Headworks Project	CT75H	52,479	0.00%
OPWC - Water Transmission Main Replacement	CT68O	142,800	0.00%
OPWC - Water Feed Line Replacement	CR24R	21,600	0.00%
OPWC - Combined Sewer Separation Area B	CR22P	117,390	0.00%
OPWC - Sewer Area A	CT60S	187,341	0.00%
OWDA - Water Treatment	4742	223,039	1.50%
OWDA - Water Replacement	5592	66,488	2.00%
OWDA - Sewer Replacement	5593	48,795	2.00%
OWDA - Combined Sewer Separation	5665	276,816	0.00%
OWDA - Combined Sew Sep Phase 2, Area B	6680	1,345,930	0.00%
OWDA - Combined Sew Sep Phase 3, Area A	7408	981,713	0.00%
OWDA - Combined Sew Sep Phase 3, Area F	7943	156,120	0.00%
		<u>\$4,044,324</u>	

The Berkadia mortgage revenue bonds were for improvements to utilities and further improvements and extensions for water services. Revenue of the water fund has been pledged to repay these debts.

The Ohio Water Development Authority (OWDA) loan for Water Treatment was to make improvements to the Village's water treatment plant. The OWDA loans for Water and Sewer Replacement are for the movement of existing lines. The OWDA loans for the Sewer Separation were for upgrades to the sewer lines. The OWDA loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans were used for a sanitary sewer replacement project, a sanitary sewer improvement on Sunset Drive, the Wastewater Treatment Plant Headworks project, the GAC Water Treatment Project, the Water Transmission Main Replacement, the Water Feed Line Replacement, and the Combined Sewer Separation Area B. All loans are collateralized by water and sewer receipts. The Village has agreed to set rates sufficient to cover OPWC debt service requirements.

The OWDA-Combined Sewer Separation Phase 3, Area F (#7943) in the drawdown amount of \$156,120 is not included in the amortization schedule below due to this project still being in Letter of Credit stage and monies are still being drawn on this account.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Water Bonds
2019	65,453	27,198	95,930
2020	130,906	54,393	95,330
2021	130,907	54,394	70,350
2022	130,907	54,394	
2023	130,905	54,393	
2024-2028	654,531	228,812	
2029-2033	541,265	117,545	
2034-2038	224,039	59,393	
2039-2043		32,865	
2044-2047		26,302	
Total	<u>\$2,008,913</u>	<u>\$709,689</u>	<u>\$261,610</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by grantor, principally the federal government. The grantor may require funding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However based on prior experience, management believes any funds would be immaterial.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Caldwell
Noble County
215 West Street
Caldwell, Ohio 43724

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Caldwell, Noble County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2020

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C § 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

The Ohio Village Handbook (revised March 2018) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not always record receipts and disbursements into accurate classifications, or record all such transactions, based upon the source of the receipt or the nature of the disbursement.

Also, the Village did not properly classify its December 31, 2017 and 2016 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

As a result of audit procedures performed, misclassifications were noted in the Village's financial statements for 2019 as follows:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements and was codified as follows: GASB Cod. 1800.166 require reporting amounts that cannot be spent as Nonspendable. GASB Cod. 1800.168-169 requires reporting funds whose revenue had external legal restrictions as Restricted. The Village improperly reported the restricted portion of the Permanent Fund's cash fund balance as nonspendable instead of restricted, in the amount of \$94,179;
- Income tax receipts in the amount of \$462,762 were posted to Taxes instead of Municipal Income Tax in the General Fund;
- Ohio Water Development Authority (OWDA) Account #8234 had disbursement of \$7,500 that were posted to Loans Issued in the Sewer Construction and Replacement Fund instead of to Loans Issued in the Water Works Construction Fund; and
- OWDA Account #7943 had disbursements in the amount of \$7,000 that were posted to Other Contractual Services instead of Capital Outlay in the Sewer Construction and Replacement Fund.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

As a result of audit procedures performed, misclassifications were noted in the Village's financial statements for 2018 as follows:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements and was codified as follows: GASB Cod. 1800.166 requires reporting amounts that cannot be spent as Nonspendable. GASB Cod. 1800.168-169 requires reporting funds whose revenue had external legal restrictions as Restricted. The Village improperly reported the restricted portion of the Permanent Fund's cash fund balance as nonspendable instead of restricted, in the amount of \$94,025;
- Statement of No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. The Village improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amount of \$174,253;
- Income tax receipts in the amount of \$183,935 were posted to Taxes instead of Municipal Income Tax in the General Fund;
- OWDA Account #7943 had disbursements in the amount of \$108,620 that were posted to Other Contractual Services instead of Capital Outlay in the Sewer Construction and Replacement Fund; and
- OWDA #4742 had principal retirement in the amount of \$5,019 and interest in the amount of \$1,748 that was paid from the Sewer Revenue Bond Retirement Fund instead of the Water Revenue Bond Retirement Fund.

These reclassifications were due to limited oversight by management. The significant reclassifications, with which management agrees, were posted to the financial statements of the Village. Also, the Village failed to create a fund balance policy.

The Clerk-Treasurer should refer to the Village Officer's Handbook for proper receipt classification to ensure the Village's accounting system and year-end financial statements are properly reported. Also, the Village Council should adopt control procedures for the review of postings made by the Clerk-Treasurer. In addition, the Village should create and approve a fund balance policy.

Officials' Response: We did not receive a response from Officials to this finding.

Village of Caldwell
215 West Street
Caldwell, Ohio 43724
740-732-2053
Clerk's Office

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 5705.42, on-behalf payments from OPWC and OWDA were not recorded in the accounting system.	Partially Corrected	During the current audit period there were still some errors with OWDA. This issue was reissued in the Management Letter.
2017-002	During 2017 and 2016, there were numerous posting errors.	Partially Corrected	During the current audit period there were still some errors. This issue was reissued as Finding 2019-001.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CALDWELL

NOBLE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/13/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov