

**VILLAGE OF CADIZ
HARRISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Village Council
Village of Cadiz
128 Court Street
Cadiz, Ohio 43907

We have reviewed the *Independent Auditors' Report* of the Village of Cadiz, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 Cadiz is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2021

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**VILLAGE OF CADIZ
HARRISON COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Cadiz
Harrison County
128 Court Street
Cadiz, Ohio 43907

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Village of Cadiz, Harrison County, Ohio.

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 Section 117.38 and Ohio Administrative Code Section 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 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 opinion.

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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 Village of Cadiz, Harrison County as of December 31, 2020 and 2019 and the respective changes in financial position or cash flows thereof for the year 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Village of Cadiz, Harrison County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements and Note 12 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will 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 a report dated May 7, 2021, on our consideration of Village of Cadiz'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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 7, 2021

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 139,797	\$ 16,203	\$ -	\$ 156,000
Municipal Income Tax	1,147,862	60,414	-	1,208,276
Intergovernmental Receipts	51,091	558,061	-	609,152
Charges for Services	306,941	-	-	306,941
Fines, Licenses and Permits	59,684	1,020	-	60,704
Earnings on Investments	8,266	163	-	8,429
Miscellaneous	129,813	155,014	-	284,827
Total Cash Receipts	1,843,454	790,875	-	2,634,329
Cash Disbursements:				
Current:				
Security of Persons and Property	799,907	35,385	-	835,292
Public Health Service	60,409	149,245	-	209,654
Leisure Time Activities	296,841	-	2,562	299,403
Community Environment	42,365	-	-	42,365
Basic Utility Service	1,274	475	-	1,749
Transportation	313,740	142,032	-	455,772
General Government	536,894	3,316	-	540,210
Capital Outlay	49,004	49,352	2,500	100,856
Debt Service:				
Principal	24,417	20,282	-	44,699
Interest and Fiscal Charges	1,913	5,382	-	7,295
Total Cash Disbursements	2,126,764	405,469	5,062	2,537,295
Excess of Receipts Over (Under) Disbursements	(283,310)	385,406	(5,062)	97,034
Other Financing Receipts/(Disbursements)				
Other Financing Sources	246,858	-	1,754	248,612
Total Other Financing Receipts/(Disbursements)				
Net Change in Fund Cash Balance	(36,452)	385,406	(3,308)	345,646
Fund Cash Balance, January 1, Restated	382,121	660,803	25,570	1,068,494
Fund Cash Balance, December 31	\$ 345,669	\$ 1,046,209	\$ 22,262	\$ 1,414,140

See notes to financial statements.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 2,279,178
Total Operating Cash Receipts	2,279,178
Operating Cash Disbursements:	
Personal Services	371,763
Employee Fringe Benefits	268,615
Contractual Service	550,571
Supplies and Materials	281,882
Total Operating Cash Disbursements	1,472,831
Operating Income	806,347
Non-Operating Receipts (Disbursements):	
Intergovernmental	103,285
Special Assessments	1,500
Other Debt Proceeds	155,419
Miscellaneous Receipts	2,987
Capital Outlay	(34,102)
Principal Retirement	(655,461)
Interest and Other Fiscal Charges	(156,045)
Other Financing Sources	220,739
Total Non-Operating Receipts (Disbursements):	(361,678)
Net Change in Fund Cash Balance	444,669
Fund Cash Balances, January 1	1,656,296
Fund Cash Balances, December 31	\$ 2,100,965

See notes to financial statements.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND
CHANGES IN FUND CASH BALANCE - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions:	
Amounts Received as Fiscal Agent	126,536
Total Additions	<u>126,536</u>
Deductions:	
Distributions as Fiscal Agent	93,952
Total Deductions	<u>93,952</u>
Net Change in Fund Balances	32,584
Fund Cash Balances, January 1	<u>1,050,280</u>
Fund Cash Balances, December 31	<u><u>\$ 1,082,864</u></u>

See notes to financial statements.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cadiz, Harrison County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations, street repair and maintenance and police services. The Village contracts with Cadiz Volunteer Fire Department to provide fire protection services.

The Village participates in public entity risk pool. Note 7 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.

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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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:

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Street Paving Fund - This fund receives income tax monies to provide for street paving.

Equipment Fund - This fund receives income tax monies to be used to purchase necessary equipment.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Sally Buffalo General Development Fund – This fund receives donations that are used for improvements to the park.

Water/Sewer Capital Projects Fund – This fund receives local income tax revenues and grants for water/sewer capital projects.

Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Surcharge Fund – This fund receives a portion of sewer revenues to cover sewer service costs.

Water Debt Service Fund – This fund receives a portion of water revenues to pay the debt service on various projects.

Fiduciary Funds

Fiduciary Funds include private purpose trust funds, investment trust funds and custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Community Improvement Corporation (CIC) monies the CIC lends to new and existing business within the Village to promote economic development and the repayment of these loans. Also, the CIC charges monthly rent to a corporation for a property owned by the CIC.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as 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 five 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 the 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 is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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 general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 purposes for which either restricted or unrestricted (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 classification could be used.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,362,689	\$ 2,090,312	\$ (272,377)
Special Revenue	837,857	790,875	(46,982)
Capital Projects	8,254	1,754	(6,500)
Enterprise	6,449,266	2,763,108	(3,686,158)
Total	\$ 9,658,066	\$ 5,646,049	\$ (4,012,017)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,385,074	\$ 2,137,211	\$ 247,863
Special Revenue	418,806	416,608	2,198
Capital Projects	5,062	5,062	-
Enterprise	2,342,896	2,318,439	24,457
Total	\$ 5,151,838	\$ 4,877,320	\$ 274,518

Contrary to ORC Section 5705.41(D), the Village made expenditures prior to certification.

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand Deposits	\$ 3,844,611
Certificates of Deposit	274,493
Total Deposits	4,119,104
STAR Ohio	478,865
Total Investments	478,865
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 4,597,969

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 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.

All sums collected were receipted into the General Fund with the following exceptions:

Equipment Fund (2%) for the replacement of equipment and machinery as needed; Street Paving Fund (3%) for the maintenance, repair, paving and resurfacing of Village roads, streets and alleys; and Capital Projects Fund (35%) for the construction and reconstruction for water and sewer projects as needed.

7. RISK MANAGEMENT

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 separate 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.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

7. RISK MANAGEMENT (Continued)

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 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. Effective November 1, 2018, the OPRM 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 (latest information available):

	2019
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Retained Earnings	<u>\$ 4,591,493</u>

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

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2020.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Some Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

10. DEBT

Debt outstanding at December 31, 2020 was as follows:

	2020 Principal	%
USDA Bonds 1999	\$ 1,314,000	4.50
USDA Bonds 2006	966,800	4.38
OWDA 3971	197,138	2.00
OWDA 6356	611,009	1.00
OWDA 6645	2,053,977	1.00
OWDA 6751	437,624	2.00
OWDA 7142	145,181	3.42
OWDA 7522	587,682	2.80-3.58
OWDA 7660	814,610	1.00
OWDA 7932	1,393,757	0.00
OWDA 8876	55,013	0.00
OWDA 8960	24,824	0.00
PNC- Lift Station	90,649	5.19
Key Government Finance	58,122	2.50
Total	<u>\$ 8,750,386</u>	

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. DEBT (Continued)

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were issued on March 15, 1999 in the amount of \$1,920,000 to help cover the cost of constructing the Village's waterworks system. The bonds will mature on March 1, 2039. The Village has agreed to set utility rates sufficient to cover the debt service requirement of the mortgage revenue bonds.

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds, Series 2006 were issued in the amount of \$1,180,000 on April 28, 2006 to refund the Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments. The bonds mature on April 1, 2046.

The Ohio Water Development Authority (OWDA) loan #3971 relates to the construction of the Tappan Lake Raw Water Transmission Line project. The original loan was for \$845,954 with a 2% interest rate. The loan has a maturity date of twenty years with the final payment due on July 1, 2024. The loan is collateralized by utility receipts and the full faith and credit of the village. This is repaid from the Water Debt Service Fund.

The Ohio Water Development Authority (OWDA) loan #6356 relates to the replacement of the North Trunk Line. The Village has borrowed \$861,435 as of December 31, 2020. The loan will be repaid in semi-annual installments of \$25,120, including interest with final payment due July 1, 2033. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6645 relates to the replacement of South and Center Trunk Lines. The Village has borrowed \$2,846,498 as of December 31, 2020. The loan will be repaid in semi-annual installments of \$78,794, including interest with final payment due July 1, 2034. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6751 relates to the replacement of deteriorated waterlines, looping, and hydrants in the Old Steubenville Pike Areas. The Village has borrowed \$524,602 as of December 31, 2020. The loan will be repaid in semi-annual installments of \$11,524 from the Water Debt Service Fund, including interest with final payment due July 1, 2044. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7142 relates to an Inflow and Infiltration Study. The Village has borrowed \$177,079 as of December 31, 2020. This project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7522 relates to the North Trunk Line Collection System. The Village has borrowed \$746,468 as of December 31, 2020. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #7660 relates to a North Trunk Line Collection System Project. The Village has borrowed \$868,776 as of December 31, 2020. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by sewer receipts.

The Key Government master-lease purchase agreement was issued in the amount of \$178,673 to purchase a street sweeper. The Village will make annual payments of \$26,331 from the General Fund, with a final payment on October 17, 2021.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. DEBT (Continued)

The PNC Loan #010-607746644-33651143 was issued in the amount of \$150,000 in November 2017 for the construction of a lift station in the north side TIF area. The Village will make monthly payments of \$2,139 from the General Fund over 7 years. The loan is collateralized by a PNC checking account.

The Ohio Water Development Authority (OWDA) loan #7932 relates to a waterline replacement project. The Village has borrowed \$1,467,112 as of December 31, 2020. The Village will make annual payments of \$48,904 from the Water Fund. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #8876 relates to the North Trunk Collection Lines Phase II Design. The Village has borrowed \$55,013 as of December 31, 2020. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #8960 relates to the water Treatment Plant HAB Improvements. The Village has borrowed \$24,824 as of December 31, 2020. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by water receipts.

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

Year	OWDA #3971	OWDA #6356	OWDA #6645	OWDA #6751	OWDA #7932
2021	\$ 51,528	\$ 50,239	\$ 157,588	\$ 23,048	\$ 48,904
2022	51,528	50,239	157,588	23,048	48,904
2023	51,528	50,239	157,588	23,048	48,904
2024	51,528	50,239	157,588	23,048	48,904
2025	-	50,239	157,588	23,048	48,904
2026-2030	-	251,120	787,940	115,243	244,520
2031-2035	-	150,642	630,352	115,243	244,520
2036-2040	-	-	-	115,243	244,520
2041-2045	-	-	-	92,195	244,520
2046-2050	-	-	-	-	171,157
Total	\$ 206,112	\$ 652,957	\$ 2,206,232	\$ 553,164	\$ 1,393,757

Year	Key Government	USDA 1999	USDA 2006	PNC Lift Station
2021	\$ 59,437	104,330	62,998	\$ 25,664
2022	-	104,396	62,992	25,664
2023	-	104,368	62,947	25,664
2024	-	104,245	62,063	23,855
2025	-	104,427	62,930	-
2026-2030	-	521,671	314,975	-
2031-2035	-	521,692	314,885	-
2036-2040	-	417,334	314,928	-
2041-2045	-	-	314,992	-
2046-2050	-	-	62,938	-
Total	\$ 59,437	\$ 1,982,463	\$ 1,636,648	\$ 100,847

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encum.	10,447	11,139	-	21,586
Total	\$ 10,447	\$ 11,139	\$ -	\$ 21,586

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the Village has made changes to their cash basis reporting model. These changes include modification to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types and removing the fund balance classifications from the combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) – all governmental fund types.

There was no effect to beginning cash balances due to this change.

13. COVID-19

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 ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$341,267 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

14. RESTATEMENT OF FUND BALANCES

Fund balance in the General Fund has been restated for the year beginning January 1, 2020 as voided checks were added back.

	<u>General</u>
Fund Balance at December 31, 2019	\$ 375,139
Adjustments	<u>6,982</u>
Fund Balance at January 1, 2020	<u><u>\$ 382,121</u></u>

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 213,696	\$ 17,329	\$ -	\$ 231,025
Municipal Income Tax	1,389,386	73,125	-	1,462,511
Intergovernmental Receipts	32,877	180,763	-	213,640
Special Assessments	2,657	-	-	2,657
Charges for Services	364,593	-	-	364,593
Fines, Licenses, and Permits	77,735	250	-	77,985
Earnings on Investments	19,879	280	-	20,159
Miscellaneous	46,271	148,235	56,998	251,504
Total Cash Receipts	<u>2,147,094</u>	<u>419,982</u>	<u>56,998</u>	<u>2,624,074</u>
Cash Disbursements				
Current:				
Security of Persons and Property	772,641	407	-	773,048
Public Health Services	47,562	-	-	47,562
Leisure Time Activities	451,004	-	6,074	457,078
Community Environment	37,147	-	-	37,147
Basic Utility Services	-	-	-	-
Transportation	343,571	185,182	-	528,753
General Government	639,125	3,437	-	642,562
Capital Outlay	172,784	117,896	66,786	357,466
Debt Service:				
Principal	23,833	31,999	-	55,832
Interest and Fiscal Charges	2,497	6,774	-	9,271
Total Cash Disbursements	<u>2,490,164</u>	<u>345,695</u>	<u>72,860</u>	<u>2,908,719</u>
Excess of Receipts Over (Under) Disbursements	<u>(343,070)</u>	<u>74,287</u>	<u>(15,862)</u>	<u>(284,645)</u>
Other Financing Receipts/(Disbursements)				
Other Financing Sources	58,235	-	1,330	59,565
Total Other Financing Receipts/(Disbursements)	<u>58,235</u>	<u>-</u>	<u>1,330</u>	<u>59,565</u>
Net Change in Fund Cash Balance	<u>(284,835)</u>	<u>74,287</u>	<u>(14,532)</u>	<u>(225,080)</u>
Fund Cash Balances, January 1, restated	<u>659,974</u>	<u>586,516</u>	<u>40,102</u>	<u>1,286,592</u>
Fund Cash Balances, December 31				
Restricted	-	231,427	25,570	256,997
Committed	-	429,376	-	429,376
Assigned	298,549	-	-	298,549
Unassigned (Deficit)	76,590	-	-	76,590
Fund Cash Balances, December 31	<u>\$ 375,139</u>	<u>\$ 660,803</u>	<u>\$ 25,570</u>	<u>\$ 1,061,512</u>

See notes to financial statements.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Custodial</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 2,263,292	\$ -	\$ 2,263,292
Total Operating Cash Receipts	<u>2,263,292</u>	<u>-</u>	<u>2,263,292</u>
Operating Cash Disbursements:			
Personal Services	420,680	-	420,680
Fringe Benefits	287,172	168	287,340
Contractual Services	919,725	410,956	1,330,681
Supplies and Materials	302,435	3,200	305,635
Other	-	-	-
Total Operating Cash Disbursements	<u>1,930,012</u>	<u>414,324</u>	<u>2,344,336</u>
Operating Income/(Loss)	<u>333,280</u>	<u>(414,324)</u>	<u>(81,044)</u>
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental	-	353,894	353,894
Special Assessments	4,500	-	4,500
Other Debt Proceeds	883,567	-	883,567
Sale of Fixed Assets	-	20,079	20,079
Miscellaneous	7,631	85,511	93,142
Capital Outlay	(456,434)	-	(456,434)
Principal Retirement	(444,480)	-	(444,480)
Interest and Other Charges	(161,693)	-	(161,693)
Other Financing Sources	29,965	172,580	202,545
Total Non-Operating Cash Receipts (Disbursements)	<u>(136,944)</u>	<u>632,064</u>	<u>495,120</u>
Net Receipts Over/(Under) Disbursements	196,336	217,740	414,076
Fund Cash Balances, January 1, restated	<u>1,459,960</u>	<u>832,540</u>	<u>2,292,500</u>
Fund Cash Balances, December 31	<u>\$ 1,656,296</u>	<u>\$ 1,050,280</u>	<u>\$ 2,706,576</u>

See notes to financial statements.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cadiz, Harrison County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations, street repair and maintenance and police services. The Village contracts with Cadiz Volunteer Fire Department to provide fire protection services.

The Village participates in public entity risk pool. Note 7 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.

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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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:

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Street Paving Fund - This fund receives income tax monies to provide for street paving.

Equipment Fund - This fund receives income tax monies to be used to purchase necessary equipment.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Sally Buffalo General Development Fund – This fund receives donations that are used for improvements to the park.

Water/Sewer Capital Projects Fund – This fund receives local income tax revenues and grants for water/sewer capital projects.

Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Surcharge Fund – This fund receives a portion of sewer revenues to cover sewer service costs.

Water Debt Service Fund – This fund receives a portion of water revenues to pay the debt service on various projects.

Fiduciary Funds

Fiduciary Funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Community Improvement Corporation (CIC) monies the CIC lends to new and existing business within the Village to promote economic development and the repayment of these loans. Also, the CIC charges monthly rent to a corporation for a property owned by the CIC.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as 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 five 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 the 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 is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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 general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 purposes for which either restricted or unrestricted (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 classification could be used.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,339,016	\$ 2,205,329	\$ (133,687)
Special Revenue	499,487	419,982	(79,505)
Capital Projects	62,488	58,328	(4,160)
Enterprise	3,767,305	3,188,955	(578,350)
Total	\$ 6,668,296	\$ 5,872,594	\$ (795,720)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,812,965	\$ 2,788,713	\$ 24,252
Special Revenue	350,031	345,695	4,336
Capital Projects	72,860	72,860	-
Enterprise	2,999,055	2,992,619	6,436
Total	\$ 6,234,911	\$ 6,199,887	\$ 35,024

Contrary to ORC Section 5705.41(D), the Village made expenditures prior to certification.

4. 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:

	2019
Demand Deposits	\$ 2,803,111
Certificates of Deposit	489,493
Total Deposits	3,292,604
STAR Ohio	475,484
Total Investments	475,484
Total Deposits and Investments	\$ 3,768,088

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 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.

All sums collected were receipted into the General Fund with the following exceptions:

Equipment Fund (2%) for the replacement of equipment and machinery as needed; Street Paving Fund (3%) for the maintenance, repair, paving and resurfacing of Village roads, streets and alleys; and Capital Projects Fund (35%) for the construction and reconstruction for water and sewer projects as needed.

7. RISK MANAGEMENT

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 separate 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.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

7. RISK MANAGEMENT (Continued)

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 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. Effective November 1, 2018, the OPRM 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.

	2019
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Retained Earnings	<u>\$ 4,591,493</u>

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

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Some Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	2019 Principal	%
USDA Bonds 1999	\$ 1,357,200	4.50
USDA Bonds 2006	986,600	4.38
OWDA 3199	17,207	2.00
OWDA 3971	244,019	2.00
OWDA 6356	654,810	1.00
OWDA 6645	2,190,004	1.00
OWDA 6751	451,708	2.00
OWDA 7142	148,905	3.42
OWDA 7522	601,791	2.80-3.58
OWDA 7660	829,370	1.00
OWDA 7932	1,442,660	0.00
OWDA 8645	177,382	0.00
PNC- Lift Station	110,931	5.19
Key Government Finance	82,539	2.50
Total	<u>\$ 9,295,126</u>	

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were issued on March 15, 1999 in the amount of \$1,920,000 to help cover the cost of constructing the Village's waterworks system. The bonds will mature on March 1, 2039. The Village has agreed to set utility rates sufficient to cover the debt service requirement of the mortgage revenue bonds.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

10. DEBT (Continued)

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds, Series 2006 were issued in the amount of \$1,180,000 on April 28, 2006 to refund the Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments. The bonds mature on April 1, 2046.

The Ohio Water Development Authority (OWDA) loan #3199 relates to the construction of a water tank and water sewer line project. The loan will be repaid in semi-annual installments of \$17,379 from the Water Debt Service Fund, including interest over a twenty-year period. The Village borrowed \$570,210. The loan is collateralized by water receipts and income tax.

The Ohio Water Development Authority (OWDA) loan #3971 relates to the construction of the Tappan Lake Raw Water Transmission Line project. The original loan was for \$845,954 with a 2% interest rate. The loan has a maturity date of twenty years with the final payment due on July 1, 2024. The loan is collateralized by utility receipts and the full faith and credit of the village. This is repaid from the Water Debt Service Fund.

The Ohio Water Development Authority (OWDA) loan #6356 relates to the replacement of the North Trunk Line. The Village has borrowed \$861,435 as of December 31, 2019. The loan will be repaid in semi-annual installments of \$25,120, including interest with final payment due July 1, 2033. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6645 relates to the replacement of South and Center Trunk Lines. The Village has borrowed \$2,846,498 as of December 31, 2019. The loan will be repaid in semi-annual installments of \$78,794, including interest with final payment due July 1, 2034. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6751 relates to the replacement of deteriorated waterlines, looping, and hydrants in the Old Steubenville Pike Areas. The Village has borrowed \$524,602 as of December 31, 2019. The loan will be repaid in semi-annual installments of \$11,524 from the Water Debt Service Fund, including interest with final payment due July 1, 2044. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7142 relates to an Inflow and Infiltration Study. The Village has borrowed \$173,025 as of December 31, 2019. This project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7522 relates to the North Trunk Line Collection System. The Village has borrowed \$707,649 as of December 31, 2019. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #7660 relates to a North Trunk Line Collection System Project. The Village has borrowed \$856,318 as of December 31, 2019. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by sewer receipts.

The Kansas State Bank Loan was issued in the amount of \$71,037 for the purchase of a backhoe. The Village will make annual payments of \$13,109 from the Equipment Fund 2%, with the final payment due December 9, 2019.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

10. DEBT (Continued)

The PNC Loan #010-607746644-33651143 was issued in the amount of \$150,000 in November 2017 for the construction of a lift station in the north side TIF area. The Village will make monthly payments of \$2,139 from the General Fund over 7 years. The loan is collateralized by a PNC checking account.

The Key Government master-lease purchase agreement was issued in the amount of \$178,673 to purchase a street sweeper. The Village will make annual payments of \$26,331 from the General Fund, with a final payment on October 17, 2021.

The Ohio Water Development Authority (OWDA) loan #7932 relates to a waterline replacement project. The Village has borrowed \$1,467,112 as of December 31, 2019. The Village will make annual payments of 48,904 from the Water Fund. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #8645 related to the water treatment plant improvements. The Village has borrowed \$177,382 as of December 31, 2019. The project has not been completed; therefore, no amortization schedule is available. The loan is collateralized by water receipts.

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

Year	OWDA #3199	OWDA #3971	OWDA #6356	OWDA #6645	OWDA #6751
2020	\$ 17,379	\$ 51,528	\$ 50,239	\$ 157,588	\$ 23,048
2021	-	51,528	50,239	157,588	23,048
2022	-	51,528	50,239	157,588	23,048
2023	-	51,528	50,239	157,588	23,048
2024	-	51,528	50,239	157,588	23,048
2025-2029	-	-	251,120	787,940	115,243
2030-2034	-	-	200,881	787,940	115,243
2035-2039	-	-	-	-	115,243
2040-2044	-	-	-	-	115,243
2045-2049	-	-	-	-	-
Total	\$ 17,379	\$ 257,640	\$ 703,196	\$ 2,363,820	\$ 576,212

Year	OWDA #7932	Key Government	USDA 1999	USDA 2006	PNC Lift Station
2020	\$ 48,904	\$ 26,331	\$ 104,274	\$ 62,964	\$ 25,664
2021	48,904	59,437	104,330	62,998	25,664
2022	48,904	-	104,396	62,992	25,664
2023	48,904	-	104,368	62,947	25,664
2024	48,904	-	104,245	62,063	23,855
2025-2029	244,520	-	521,746	314,937	-
2030-2034	244,520	-	521,734	314,844	-
2035-2039	244,520	-	521,643	314,923	-
2040-2044	244,520	-	-	314,935	-
2045-2049	220,060	-	-	126,009	-
Total	\$ 1,442,660	\$ 85,768	\$ 2,086,736	\$ 1,699,612	\$ 126,181

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

11. RESTATEMENT OF FUND BALANCES

Fund balance in the General Fund has been restated for the year beginning January 1, 2019 as voided checks were added back.

	<u>General</u>
Fund Balance at December 31, 2018	\$ 659,964
Adjustments	<u>10</u>
Fund Balance at January 1, 2019	<u><u>\$ 659,974</u></u>

12. 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 ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Cadiz
Harrison County
128 Court Street
Cadiz, Ohio 43907

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund, proprietary and fiduciary type as of and for the year ended December 31, 2019 and related notes of Village of Cadiz, Harrison County and have issued our report thereon dated May 7, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Cadiz's internal control over financial reporting (internal control) as a basis for designing 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 a 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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness 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 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether Village of Cadiz'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 financial statements. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

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 communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 7, 2021

**VILLAGE OF CADIZ
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- There was a reclassification from Other Debt Proceeds to Intergovernmental Revenue of \$103,285 in 2020 to properly show debt proceeds in the Enterprise funds.
- There was an adjustment of \$198,616 to increase debt payments and to increase Other Financing Sources for debt forgiveness in 2020 in the Enterprise Funds.
- There was an adjustment of \$189,978 made to reduce Other Financing Sources and the Cash Balance in 2020 for the General Fund, due to Certificates of Deposits being cashed and posted as receipts when they were already included in the year end cash balance.
- There was a reclassification from Intergovernmental Receipts to Debt Proceeds of \$353,894 in 2019 in the Custodial fund.
- There was a reclassification from Interest and Fiscal Charges to Principal Retirement in the amount of \$570 in the General Fund in 2019 to properly show debt paid. There was a reclassification from Principal Retirement to Interest and Fiscal Charges of \$28 in the Special Revenue Funds to properly show debt paid.
- There was a reclassification from Intergovernmental Revenue to Other Debt Proceeds of \$480,559 to properly show debt proceeds in the Enterprise Funds. There was also an adjustment of \$20,743 to increase debt proceeds and Capital Outlay for OWDA drawdowns.
- There was a reclassification of \$298,549 in the General Fund from Unassigned Fund Balance to Assigned Fund Balance for encumbrances outstanding as of December 31, 2019.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

FINDING NUMBER 2020-002

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002 (Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 37% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blanket certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from client.

**VILLAGE OF CADIZ
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2020**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness Receipt postings and other reclasses	No	Not Corrected: Repeated as Finding 2020-001
2018-002	ORC 5705.41(D) Expenditures made without prior certification	No	Not Corrected: Repeated as Finding 2020-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CADIZ

HARRISON 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 7/13/2021

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