



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF KALIDA
PUTNAM COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Kalida
Putnam County
110 South Broad Street
P.O. Box 495
Kalida, Ohio 45853-0495

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 as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Kalida, Putnam County, Ohio (the Village).

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 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.

Efficient • Effective • Transparent

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 of America (GAAP), 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 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, 2020 and 2019, and the respective changes in financial position or cash flows 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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, 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 14 to the financial statements, 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 November 3, 2021, 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

November 3, 2021

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Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$128,844	\$22,115		\$150,959
Municipal Income Tax	536,765			536,765
Intergovernmental	48,307	407,832		456,139
Special Assessments		2,079		2,079
Charges for Services	84,289			84,289
Fines, Licenses and Permits	1,605			1,605
Earnings on Investments	2,299	131		2,430
Miscellaneous	44,328	23,481		67,809
<i>Total Cash Receipts</i>	<u>846,437</u>	<u>455,638</u>		<u>1,302,075</u>
Cash Disbursements				
Current:				
Security of Persons and Property	72,714	106,214		178,928
Public Health Services		1		1
Leisure Time Activities	3,000	16,690		19,690
Transportation		21,665		21,665
General Government	379,698	474		380,172
Capital Outlay	61,370	166,364	\$26,154	253,888
Debt Service:				
Principal Retirement	18,783			18,783
<i>Total Cash Disbursements</i>	<u>535,565</u>	<u>311,408</u>	<u>26,154</u>	<u>873,127</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>310,872</u>	<u>144,230</u>	<u>(26,154)</u>	<u>428,948</u>
Other Financing Receipts (Disbursements)				
Loans Issued			26,154	26,154
Transfers In		100,000	175,000	275,000
Transfers Out	(275,000)			(275,000)
Advances In	15,670			15,670
Advances Out		(7,170)		(7,170)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(259,330)</u>	<u>92,830</u>	<u>201,154</u>	<u>34,654</u>
<i>Net Change in Fund Cash Balances</i>	51,542	237,060	175,000	463,602
<i>Fund Cash Balances, January 1</i>	<u>581,269</u>	<u>207,510</u>	<u>237,850</u>	<u>1,026,629</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$632,811</u></u>	<u><u>\$444,570</u></u>	<u><u>\$412,850</u></u>	<u><u>\$1,490,231</u></u>

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

Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$406,468
Operating Cash Disbursements	
Personal Services	122,356
Fringe Benefits	86,789
Contractual Services	77,909
Supplies and Materials	63,889
<i>Total Operating Cash Disbursements</i>	350,943
<i>Operating Income</i>	55,525
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	370,925
Miscellaneous Receipts	2,133
Capital Outlay	(250,844)
Principal Retirement	(5,236)
<i>Total Non-Operating Receipts (Disbursements)</i>	116,978
<i>Income Before Advances</i>	172,503
Advances Out	(8,500)
<i>Net Change in Fund Cash Balances</i>	164,003
<i>Fund Cash Balances, January 1</i>	951,862
<i>Fund Cash Balances, December 31</i>	\$1,115,865

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Kalida, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 8 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 the proprietary fund type which are all 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:

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 the proceeds of 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 Funds:

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.

Parks and Recreation Fund This fund accounts for and reports proceeds from a grant from the Ohio Public Works Commission for the Village's park walking path and creek stabilization project as well as transfers from the General Fund and park rental income to assist in funding this project.

Coronavirus Relief Fund This fund received federal grant funds to supplement Village operations during the coronavirus pandemic.

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 Fund:

Capital Projects Fund This fund accounts for and reports proceeds from a loan from the Ohio Public Works Commission for the Village's Walnut Drive reconstruction project as well as transfers from the General Fund to fund this project.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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 Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Enterprise Capital Improvement Fund This fund receives municipal income tax revenue to fund water and sewer related projects.

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 Section 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 Section 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 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 reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

Deposits 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 Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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 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* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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 purposes 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded loan proceeds and disbursements in the wrong fund. In addition, contrary to Village Ordinance, monies were not transferred to the Water Tower Maintenance Fund as required.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$866,000	\$862,107	(\$3,893)
Special Revenue	728,046	555,638	(172,408)
Capital Projects		201,154	201,154
Enterprise	835,758	779,526	(56,232)
Total	\$2,429,804	\$2,398,425	(\$31,379)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,202,746	\$813,281	\$389,465
Special Revenue	652,372	319,672	332,700
Capital Projects	50,000	26,154	23,846
Enterprise	880,410	618,041	262,369
Total	\$2,785,528	\$1,777,148	\$1,008,380

Note 5 – Deposits

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 deposit accounts are as follows:

	2020
Demand deposits	\$1,759,824
Other time deposits (savings and NOW accounts)	785,725
Certificates of deposit	60,547
Total deposits	\$2,606,096

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 – 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 deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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 one 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. Income tax receipts are credited 59 percent to the General Fund and 41 percent to the Enterprise Capital Improvement Fund

Note 7 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$15,000 advanced from the General Fund to the Water Operating Fund to provide funding for loan payments. In addition, the Village's Water Operating Fund owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2020 as a result of not properly allocating water collections in prior years.

Note 8 – 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.

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 Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several of the Village's 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.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer 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 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.

Note 11 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$1,289,131	0%

The Ohio Public Works Commission loans relate to a sanitary sewer lift station replacement, sewer force main replacement, Front, Plum, and Second Streets sewer improvements, Ralph and Dray Streets storm sewer improvements, and Fifth Street and Walnut Drive reconstructions. The loans will be repaid in semiannual installments over terms ranging from 20 to 30 years.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loans
2021	\$70,474
2022	70,474
2023	70,474
2024	70,474
2025	70,474
2026-2030	352,370
2031-2035	338,045
2036-2040	229,087
2041-2045	12,328
2046-2047	4,931
Total	\$1,289,131

Note 12 – Change in Accounting Principle

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 13 – Interfund Transfers

During 2020, the following transfers were made:

Fund	Amount
General Fund Transfer Out to:	
Special Levy Police Protection Fund	\$100,000
Capital Projects Fund	175,000
Total	\$275,000

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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.

Note 15 – Fund Balances

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$2,716	\$1,094	\$3,810

The fund balance of Special Revenue Funds is restricted or committed. The fund balance of the Capital Projects Fund is committed. These restricted and committed amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 16 – Miscellaneous Revenues

Miscellaneous receipts in the General Fund primarily consisted of payments in lieu of taxes, refunds, and farm ground rent. Miscellaneous receipts in the Special Revenue Fund primarily consisted of payments in lieu of taxes and park rentals.

Note 17 – Subsequent Events

In September 2021, the Village accepted the bid of \$1,259,977 from Schimmoeller Construction for the construction of a new town hall.

Village of Kalida
Putnam 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$125,386	\$20,485		\$145,871
Municipal Income Tax	556,456			556,456
Intergovernmental	53,015	276,520	\$66,027	395,562
Special Assessments		34,300		34,300
Charges for Services	73,690			73,690
Fines, Licenses and Permits	2,432			2,432
Earnings on Investments	3,705	169		3,874
Miscellaneous	93,505	30,048		123,553
<i>Total Cash Receipts</i>	<u>908,189</u>	<u>361,522</u>	<u>66,027</u>	<u>1,335,738</u>
Cash Disbursements				
Current:				
Security of Persons and Property	69,196	128,811		198,007
Leisure Time Activities	7,500	23,897		31,397
Transportation		17,916		17,916
General Government	384,373	480		384,853
Capital Outlay	56,500	194,278	592,215	842,993
Debt Service:				
Principal Retirement		18,783		18,783
<i>Total Cash Disbursements</i>	<u>517,569</u>	<u>384,165</u>	<u>592,215</u>	<u>1,493,949</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>390,620</u>	<u>(22,643)</u>	<u>(526,188)</u>	<u>(158,211)</u>
Other Financing Receipts (Disbursements)				
Loans Issued			507,682	507,682
Transfers In		138,400	200,000	338,400
Transfers Out	(338,400)			(338,400)
Advances In	19,528	8,170		27,698
Advances Out	(12,170)	(19,528)		(31,698)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(331,042)</u>	<u>127,042</u>	<u>707,682</u>	<u>503,682</u>
<i>Net Change in Fund Cash Balances</i>	59,578	104,399	181,494	345,471
<i>Fund Cash Balances, January 1</i>	<u>521,691</u>	<u>103,111</u>	<u>56,356</u>	<u>681,158</u>
Fund Cash Balances, December 31				
Restricted		147,400		147,400
Committed		60,110	237,850	297,960
Assigned	336,746			336,746
Unassigned	244,523			244,523
<i>Fund Cash Balances, December 31</i>	<u>\$581,269</u>	<u>\$207,510</u>	<u>\$237,850</u>	<u>\$1,026,629</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$374,189
Operating Cash Disbursements	
Personal Services	115,100
Fringe Benefits	85,803
Contractual Services	73,900
Supplies and Materials	68,171
<i>Total Operating Cash Disbursements</i>	342,974
<i>Operating Income</i>	31,215
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	388,427
Miscellaneous Receipts	621
Capital Outlay	(160,024)
Principal Retirement	(5,236)
<i>Total Non-Operating Receipts (Disbursements)</i>	223,788
<i>Income Before Advances</i>	255,003
Advances In	4,000
<i>Net Change in Fund Cash Balances</i>	259,003
<i>Fund Cash Balances, January 1</i>	692,859
<i>Fund Cash Balances, December 31</i>	\$951,862

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Kalida, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 8 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 the proprietary fund type which are all 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:

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 the proceeds of 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 Funds:

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.

Parks and Recreation Fund This fund accounts for and reports proceeds from a grant from the Ohio Public Works Commission for the Village's park walking path and creek stabilization project as well as transfers from the General Fund and park rental income to assist in funding this project.

Special Levy Police Protection Fund This fund receives property tax revenue and transfers from the General Fund to pay the costs of providing police protection services to the Village residents.

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 Fund:

Capital Projects Fund This fund accounts for and reports proceeds from a loan from the Ohio Public Works Commission for the Village's Walnut Drive reconstruction project as well as transfers from the General Fund to fund this project.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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 Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Enterprise Capital Improvement Fund This fund receives municipal income tax revenue to fund water and sewer related projects.

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 Section 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 Section 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 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 reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

Deposits 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 Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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 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* amounts 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 the 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 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 purposes 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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks and Recreation and VFD Reimbursement Grant Funds in the amounts of \$163,570 and \$25,150, respectively. In addition, contrary to Village Ordinance, monies were not transferred to the Water Tower Maintenance Fund as required.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$708,721	\$927,717	\$218,996
Special Revenue	197,127	508,092	310,965
Capital Projects	624,209	773,709	149,500
Enterprise	742,800	767,237	24,437
Total	\$2,272,857	\$2,976,755	\$703,898

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,203,312	\$870,885	\$332,427
Special Revenue	259,152	405,174	(146,022)
Capital Projects	679,709	592,215	87,494
Enterprise	1,032,053	510,644	521,409
Total	\$3,174,226	\$2,378,918	\$795,308

Note 5 – Deposits

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

	2020
Demand deposits	\$1,133,576
Other time deposits (savings and NOW accounts)	784,368
Certificates of deposit	60,547
Total deposits	\$1,978,491

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – 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 deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 one 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. Income tax receipts are credited 59 percent to the General Fund and 41 percent to the Enterprise Capital Improvement Fund.

Note 7 – Interfund Balances

Outstanding advances, from the General Fund, at December 31, 2019 consisted of \$7,170 advanced to the VFD Reimbursement Grant Fund to provide initial funding for a project, \$15,000 advanced to the Water Operating Fund to provide funding for loan payments, and \$8,500 advanced to the Sewer Operating Fund to provide funding for loan payments. In addition, the Village's Water Operating Fund owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2019 as a result of not properly allocating water collections in prior years.

Note 8 – 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.

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. 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.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of 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 health care and survivor and disability benefits.

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

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

Several of the Village's 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.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer 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 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.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$1,286,996	0%

The Ohio Public Works Commission loans relate to a sanitary sewer lift station replacement, water treatment plant equipment upgrades, sewer force main replacement, Front, Plum, and Second Streets sewer improvements, Ralph and Dray Streets storm sewer improvements, and Fifth Street and Walnut Drive reconstructions. The loans will be repaid in semiannual installments over terms ranging from 10 to 30 years.

Regarding the Walnut Drive reconstruction project, this project was not completed as of December 31, 2019, and no final amortization schedule has been provided by OPWC. Therefore this loan is not included in the amortization table below.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loans
2020	\$24,019
2021	43,782
2022	43,782
2023	43,782
2024	43,782
2025-2029	218,911
2030-2034	217,036
2035-2039	124,495
2040-2044	12,328
2045-2047	7,397
Total	\$779,314

Note 12 – Interfund Transfers

During 2019, the following transfers were made:

Fund	Amount
General Fund Transfer Out to:	
Special Levy Police Protection Fund	\$65,000
Parks and Recreation Fund	73,400
Capital Projects Fund	200,000
Total	\$338,400

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 13 – Miscellaneous Revenues

Miscellaneous receipts in the General Fund primarily consisted of payments in lieu of taxes, refunds, and farm ground rent. Miscellaneous receipts in the Special Revenue Fund primarily consisted of payments in lieu of taxes and park rentals.

Note 14 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 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.

The Village was approved for a grant agreement in May 2020, by the Ohio Public Works Commission, for the purpose of constructing walk paths and bridges along Plum Creek to connect residential areas within the Village. The agreement amount is \$ 1,807,227 to be paid out in installments as work is completed.

The Village was approved for a grant/loan agreement in July 2020, by the Ohio Public Works Commission, for the purpose of reconstructing Third Street and the construction of an asphalt concrete parking area. The agreement includes a grant and loan each in the amount of \$125,000. The loan portion has a term of 20 years with the first payment due in 2021

The Village was approved for a grant/loan agreement in July 2020, by the Ohio Public Works Commission, for the purpose of improving the existing sanitary treatment system. The agreement includes a loan and grant in the amounts of \$330,000 and \$346,000, respectively. The loan portion has a term of 20 years with the first payment due in 2021

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

Village of Kalida
Putnam County
110 South Broad Street
P.O. Box 495
Kalida, Ohio 45853-0495

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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Kalida, Putnam County, Ohio (the Village) and have issued our report thereon dated November 3, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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) 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 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001, 2020-002, and 2020-004 to be material weaknesses.

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 financial statement. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-001, 2020-003, and 2020-004.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Keith Faber
Auditor of State
Columbus, Ohio

November 3, 2021

VILLAGE OF KALIDA
PUTNAM 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

Noncompliance and Material Weakness – Finding for Adjustment

Village Ordinance 2010-01-01 provides that each quarter the Village is to apply \$6,250 in water collections directly to the Water Tower Maintenance Fund to be used for maintenance of the water tower. In 2019, the Village only allocated \$18,750 to the Water Tower Maintenance Fund from collections. The remaining \$6,250 due was incorrectly posted to the Water Operating Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting this misstatement. In addition, as of December 31, 2018, the Water Operating Fund owed the Water Tower Maintenance Fund \$61,964 due to similar errors reported in a previous audit period. As a result, the Water Operating Fund still owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2020.

These errors were caused by a lack of monitoring fund activity to ensure the proper allocations are being made. Failure to properly monitor these allocations could result in funds being used for purposes not intended or authorized by Council.

The Village has decided not to correct this error at this time since there was only \$30,706 in the Water Operating Fund as of December 31, 2020. This error has no effect on the financial statements as presented because the funds are reported within the same Enterprise Fund type.

In accordance with the foregoing facts, we hereby issue a finding for adjustment for \$61,964 from the Water Operating Fund to the Water Tower Maintenance Fund.

The Village should record the adjustment to the Village's accounting records for the amount listed above. Additionally, the Village should implement procedures and related internal controls to help ensure water collections are properly paid to the Water Tower Maintenance Fund in accordance with the Village's legislation.

Officials' Response:

Council plans to pass an Ordinance to forgo paying the outstanding amount to the Water Tower Maintenance fund.

FINDING NUMBER 2020-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 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 Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2019, Ohio Public Works Commission on-behalf Clean Ohio grant activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the Capital Projects Fund in the amount of \$66,027.
- In 2019, Ohio Public Works Commission on-behalf activity for the Walnut Street project was not posted to the accounting system by the Village, which resulted in understating loans issued, capital outlay, and appropriations in the Capital Projects Fund in the amount of \$507,682.
- In 2020, police salaries were incorrectly classified as public health disbursements instead of security of persons and property in the amount of \$53,860 in the Coronavirus Relief Fund.
- In 2020, miscellaneous receipts and security of persons and property disbursements were overstated in the Special Revenue Police Fund in the amount of \$53,860.
- In 2019, General Fund subsequent year appropriations and outstanding encumbrances in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance in the amount of \$336,746.
- Committed fund balance within the Capital Projects Fund in the amount of \$237,850 was incorrectly classified as restricted in 2019.
- In 2020, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Special Revenue and Enterprise Funds in the amounts of \$241,912 and \$84,096, respectively, and overstated in the Capital Projects Fund in the amount of \$175,000.
- In 2020, actual receipts in the budgetary activity note to the financial statements were understated in Special Revenue Fund in the amount of \$145,747.
- In 2020, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General, Special Revenue, Capital Projects, and Enterprise Funds in the amounts of \$257,816, \$183,787, \$362,850, and \$824,242, respectively.
- In 2019, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Capital Projects Fund in the amount of \$424,209 and overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$195,141, \$298,770, and \$36,673, respectively.
- In 2019, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the General, Capital Projects, and Enterprise Funds in the amounts of \$335,172, \$661,203, and \$521,246, respectively, and overstated in the Special Revenue Fund in the amount of \$119,643.
- In 2019, budgetary expenditures in the budgetary activity note to the financial statements were understated in Special Revenue Fund in the amount of \$26,379.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$25 to \$39,574 that we have brought to the Village's attention.

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, including a final review of the financial statements and notes to the financial statements by the Clerk and the audit committee, to help identify and correct errors and omissions.

Officials' Response:

Fiscal Officer has a better understanding on the procedures to prepare accurate financial statements.

FINDING NUMBER 2020-003

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Parks and Recreation and VFD Reimbursement Grant Funds had expenditures in excess of appropriations in the amounts of \$163,570 and \$25,150, respectively, as of December 31, 2019.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Clerk should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

Fiscal Officer has a better understanding of monitoring expenditures and appropriations.

FINDING NUMBER 2020-004

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village inappropriately recorded \$26,154 of Ohio Public Works Commission loan receipts and disbursements in the Street Construction Maintenance and Repair Fund in 2020. Given the source of the revenue, this should have been recorded in a separate Capital Project Funds. Audit adjustments are reflected in the financial statements and in the accounting records correcting this and other misstatements ranging from \$532 to \$8,927.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

Village of Kalida

110 S. Broad St.
P. O. Box 495
Kalida, OH 45853

Alan M. Gerdeman, Mayor
Rita Schroeder, Fiscal Officer

Phone 419-532-3899
Fax 419-532-3852

Council Members

Jason Birkemeier, Pres Craig Stechschulte
Mike Stechschulte John Hopkins
Logan Hanneman Pat Trentman

Board of Public Affairs

John Schimmoeller, Pres
Roger Dickman
Ronald Kneue

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	This finding was first reported in 2015. Material weakness and noncompliance on Village Ordinance 2010-01-01 for prior audit findings for adjustments to post water collection monies to the Water Tower Fund.	Not corrected and reissued as Finding 2020-001 in this report.	Due to a lack of funds in the Water Operating Fund, Village Council does not intend to pay the funds due to the Water Tower Maintenance Fund. To correct the issue, the Village is in the process of amending the Village Ordinance to state the finding amount will not be paid and to update the allocation of collections as intended.
2018-002	This finding was first reported in 2005. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2020-002 in this report.	An effort was made to correct errors in the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.
2018-003	This finding was first reported in 2017. Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Not corrected and reissued as Finding 2020-003 in this report.	The Audit Committee reviews appropriations along with disbursement and revenue reports. Council reviews a monthly Cash Summary by Fund Report. The Village will utilize this information to more closely monitor disbursements and appropriations.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF KALIDA

PUTNAM 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 11/18/2021

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