

**VILLAGE OF CALDWELL**



**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

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Mayor and Members of Council  
Village of Caldwell  
215 West Street  
Caldwell, Oh 43724

We have reviewed the Independent Auditor's Report of the Village of Caldwell, Noble County, prepared by Rea & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Caldwell is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 13, 2002

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**VILLAGE OF CALDWELL  
NOBLE COUNTY**

**DECEMBER 31, 2001**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report.....	1
Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types .....	2
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances - All Governmental Fund Types.....	3
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Balance - All Proprietary Fund Types and Similar Fiduciary Funds .....	4
Combined Statement of Receipts - Budget and Actual - All Budgeted Funds .....	5
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - All Budgeted Funds .....	6
Notes to the Financial Statements .....	7-16
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	17

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 23, 2002

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

## Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Caldwell (the "Village") as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village of Caldwell as of December 31, 2001, and the revenues it received and expenditures it paid, and budgeted receipts, appropriations, and encumbrances for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 23, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

VILLAGE OF CALDWELL  
NOBLE COUNTY

COMBINED STATEMENT OF CASH, INVESTMENTS, AND  
FUND CASH BALANCES - ALL FUND TYPES  
AS OF DECEMBER 31, 2001

CASH AND INVESTMENTS \$ 4,896,716

CASH BALANCES BY FUND TYPE

GOVERNMENT FUNDS:

General Fund \$ 2,103,531  
Special Revenue Funds 203,006

PROPRIETARY FUNDS:

Enterprise Funds 2,505,080

FIDUCIARY FUNDS:

Nonexpendable Trust Funds 84,716  
Agency Funds 383

*Total all funds* \$ 4,896,716

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>RECEIPTS:</b>			
Taxes	\$ 34,625	\$ 4,952	\$ 39,577
Intergovernmental revenue	108,565	69,170	177,735
Special assessments	802	0	802
Charges for services	700	13,264	13,964
Fines, licenses and permits	4,031	0	4,031
Interest	224,621	2,248	226,869
Miscellaneous	22,357	100	22,457
<i>Total receipts</i>	<u>395,701</u>	<u>89,734</u>	<u>485,435</u>
<b>DISBURSEMENTS:</b>			
Current:			
Security of persons	124,043	1,206	125,249
Public health services	0	1,446	1,446
Leisure time activities	2,110	0	2,110
Community Environment	19,617	0	19,617
Transportation	152,947	58,445	211,392
General government	81,088	0	81,088
Capital outlay	0	350	350
<i>Total disbursements</i>	<u>379,805</u>	<u>61,447</u>	<u>441,252</u>
<i>Excess of receipts over (under) disbursements</i>	15,896	28,287	44,183
<i>FUND CASH BALANCES, January 1</i>	<u>2,087,635</u>	<u>174,719</u>	<u>2,262,354</u>
<i>FUND CASH BALANCES, December 31</i>	<u><u>\$ 2,103,531</u></u>	<u><u>\$ 203,006</u></u>	<u><u>\$ 2,306,537</u></u>

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - ALL PROPRIETARY FUND TYPES  
AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Funds	Agency Funds	
<b>OPERATING RECEIPTS:</b>				
Charges for services	\$ 1,706,984	\$ 500	\$ 0	\$ 1,707,484
Other/Miscellaneous	62,465	3,832	0	66,297
<i>Total operating receipts</i>	<u>1,769,449</u>	<u>4,332</u>	<u>0</u>	<u>1,773,781</u>
<b>OPERATING DISBURSEMENTS:</b>				
Personal services	499,439	0	0	499,439
Contractual services	112,161	0	0	112,161
Material and supplies	286,156	0	0	286,156
Capital outlay	669,921	4,200	0	674,121
Miscellaneous	6,211	0	0	6,211
<i>Total operating disbursements</i>	<u>1,573,888</u>	<u>4,200</u>	<u>0</u>	<u>1,578,088</u>
<i>Operating income</i>	195,561	132	0	195,693
<b>NON-OPERATING RECEIPTS:</b>				
Intergovernmental revenue	346,756	0	0	346,756
<b>NON-OPERATING DISBURSEMENTS:</b>				
Debt service:				
Principal retirement	332,368	0	0	332,368
Interest and fiscal charges	154,562	0	0	154,562
<i>Total non-operating disbursements</i>	<u>486,930</u>	<u>0</u>	<u>0</u>	<u>486,930</u>
<i>Net income</i>	55,387	132	0	55,519
<i>FUND BALANCES, January 1</i>	<u>2,449,693</u>	<u>84,584</u>	<u>383</u>	<u>2,534,660</u>
<i>FUND BALANCES, December 31</i>	<u>\$ 2,505,080</u>	<u>\$ 84,716</u>	<u>\$ 383</u>	<u>\$ 2,590,179</u>

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GOVERNMENTAL FUNDS:</b>			
General Fund	\$ 285,130	\$ 395,701	\$ 110,571
Special Revenue Fund	82,337	89,734	7,397
<b>PROPRIETARY FUNDS:</b>			
Enterprise Funds	2,398,423	2,116,205	(282,218)
<b>FIDUCIARY FUNDS:</b>			
Nonexpendable Trust Funds	<u>3,250</u>	<u>4,332</u>	<u>1,082</u>
<i>Total all funds</i>	<u><u>\$2,769,140</u></u>	<u><u>\$2,605,972</u></u>	<u><u>\$ (163,168)</u></u>

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Reserve for Encumbrances as of 12/31/2000</u>	<u>Appropriations Year Ended 12/31/2001</u>	<u>Total</u>	<u>Disbursements for the Year Ended 12/31/2001</u>	<u>Reserve for Encumbrances as of 12/31/2001</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GOVERNMENTAL FUNDS:</b>							
General Fund	\$ 0	\$ 469,726	\$ 469,726	\$ 379,805	\$ 154	\$ 379,959	\$ 89,767
Special Revenue Fund	0	160,592	160,592	61,447	0	61,447	99,145
<b>PROPRIETARY FUNDS:</b>							
Enterprise Funds	<u>0</u>	<u>2,531,673</u>	<u>2,531,673</u>	<u>2,060,818</u>	<u>98</u>	<u>2,060,916</u>	<u>470,757</u>
<i>Total all funds</i>	<u>\$ 0</u>	<u>\$ 3,161,991</u>	<u>\$ 3,161,991</u>	<u>\$ 2,502,070</u>	<u>\$ 252</u>	<u>\$ 2,502,322</u>	<u>\$ 659,669</u>

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Caldwell is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council-mayor form of government.

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

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

C. INVESTMENTS AND INACTIVE FUNDS

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

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds

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

Capital Projects Funds

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

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

FIDUCIARY FUNDS

Trust and Agency Funds

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

E. BUDGETARY PROCESS

Budget

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

Estimated Resources

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. BUDGETARY PROCESS (Continued)

Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2001 unencumbered fund balances. However, those fund balances are available for appropriation.

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

Appropriations

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

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

Encumbrances

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

F. PROPERTY, PLANT AND EQUIPMENT

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

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 2: EQUITY IN POOLED INVESTMENTS

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

Legal Requirements

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

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 2: EQUITY IN POOLED INVESTMENTS (Continued)

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

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

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

Deposits

At year-end, the carrying amount of the Village's deposits was \$3,314,844, and the bank balance was \$3,404,602. Of the bank balance \$3,254,602 was covered by federal depository insurance or by collateral held by a third party trustee in the name of the Village. \$150,000 is covered by collateral held by a third party trustee in a pledged security pool, but not in the Village's name.

Investments

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

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

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

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

<u>Funds with Broker</u>	<u>Category</u>			<u>Carrying Value</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
G.N.M.A. Pool	<u>\$ 0</u>	<u>\$ 1,581,872</u>	<u>\$ 0</u>	<u>\$ 1,581,872</u>	<u>\$ 1,595,037</u>

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 2: EQUITY IN POOLED INVESTMENTS (Continued)

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

NOTE 3: PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000 for Noble County.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the tax year 2001 was \$47.50 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$38.74 per \$1,000 of assessed valuation for real property classified as residential/ agricultural and \$42.01 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the tax year 2001 was \$47.50 per \$1,000 of assessed valuation.

Real property - 2000 valuation:

Residential/Agricultural	\$ 11,490,400
Commercial/Industrial	4,161,580
Public Utility	1,419,300

Tangible Personal Property - 2001 valuation:

General	<u>1,621,470</u>
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Total valuation	<u>\$ 18,692,750</u>
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The Noble County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 4: DEBT OBLIGATIONS

Debt outstanding at December 31, 2001 consisted of the following:

Mortgage Revenue Bonds:		
Principal outstanding	\$	1,232,600
Interest rate		5%
FHLA Loan:		
Principal outstanding	\$	35,340
Interest rate		3.225/3.253%
O.W.D.A. Loan (Sewer-Plant):		
Principal outstanding	\$	1,374,016
Interest rate		2%
O.W.D.A. Loan (Sewer-Prison):		
Principal outstanding	\$	2,115,716
Interest rate		2.2%
O.W.D.A. Loan (Sewer-Lines):		
Principal outstanding	\$	505,989
Interest rate		2.2%

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

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

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 4: DEBT OBLIGATIONS (Continued)

The annual requirements to amortize the long-term debt outstanding as of December 31, 2001, including interest payments of \$1,328,273 are as follows:

Year	FHILA Loan	GE Capital Loan Mortgage Revenue Bond	OWDA Loan (Sewer Plant)	OWDA Loan (Sewer Prison)	OWDA Loan (Sewer Lines)	Total
2002	\$ 6,800	\$ 100,480	\$ 176,589	\$ 166,366	\$ 39,788	\$ 490,023
2003	6,800	99,530	176,589	166,366	39,788	489,073
2004	6,800	100,530	176,589	166,366	39,788	490,073
2005	6,800	99,380	176,589	166,366	39,788	488,923
2006	6,800	100,180	176,589	166,366	39,788	489,723
2007-2011	5,456	500,300	618,064	831,828	198,938	2,154,586
2012-2016	0	499,300	0	831,827	198,936	1,530,063
2017-2021	0	459,470	0	0	0	459,470
Total	<u>\$ 39,456</u>	<u>\$ 1,959,170</u>	<u>\$ 1,501,009</u>	<u>\$ 2,495,485</u>	<u>\$ 596,814</u>	<u>\$ 6,591,934</u>

NOTE 5: EMPLOYEES' RETIREMENT SYSTEMS

The employees of the Village were covered by the Public Employees' Retirement System of Ohio, a multiple-employer cost sharing plan. The State of Ohio accounts for the activities of the retirement system, and the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 2001, Village employees contributed 8.5 percent of their gross wages. The Village matched this with a contribution equal to 13.55 percent of the employees' gross wages.

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

The pension contribution requirement for the Village for the year ended December 31, 2001 was \$126,932, which consisted of \$48,293 from employees and \$78,639 from the employer.

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 6: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Village contracts with Westfield Companies for property and general liability insurance, which includes boiler and machinery coverage.

Vehicles are covered by Westfield Companies and have a \$500 deductible. Automobile liability coverage has a \$1,000,000 limit for collision, and a \$1,000,000 limit for bodily injury. Settled claims have not exceeded any aforementioned commercial coverages in any of the past three years.

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

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

The Village contracts with Builders & Contractors Employee Benefit Trust for employee hospitalization insurance. The Village pays up to a maximum of \$190.00 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

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

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 7: CONTRACTUAL COMMITMENTS

The Village had the following contractual commitments as of December 31, 2001:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance 12/31/2001</u>
W. E. Quicksall - engineering contract - various construction and replacement projects	\$ 84,316	\$ 76,824	\$ 7,492
Crock Construction - construction of sludge press facility	339,774	202,730	137,044
Glen James and Sons - Northend sewer replacement project	134,995	83,608	51,387
Seneca Valley Southend sewer replacement project	152,173	84,155	68,018
Seneca Valley Sharon water line	163,403	156,866	6,537

NOTE 8: PRIOR PERIOD ADJUSTMENT

Fund balances at the beginning of 2001 have been adjusted to correct an error regarding an audit adjustment made in 1999 pertaining to the close out of the FEMA Fund. The error had no effect on net income for 2000. Subsequent information made available revealed the audit adjustment was not required.

To report this adjustment, the beginning balances have been adjusted as follows:

Schedule of Cash Basis Restated Fund Balances

	<u>Previously Stated Balance 12/31/2000</u>	<u>Adjustments</u>	<u>Restated Balance 01/01/2001</u>
General Fund	\$ 1,945,306	\$ 142,329	\$ 2,087,635
Special Revenue Funds	159,795	17,924	177,719
Enterprise Funds	2,609,946	(160,253)	2,449,693

VILLAGE OF CALDWELL  
NOBLE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 9: PENDING LITIGATION

The Village is a defendant in a lawsuit filed by a construction contractor. The suit involves claims against the Village totaling \$276,000 for extra work and materials arising out of the construction of a water line project. The Village believes the suit is completely without merit and intends to vigorously defend its position.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 23, 2002

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

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

We have audited the financial statements of the Village of Caldwell (the "Village") as of and for the year ended December 31, 2001, and have issued our report thereon dated April 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Rea & Associates, Inc.*





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF CALDWELL**

**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 27, 2002**