



**VILLAGE OF CALEDONIA
MARION COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CALEDONIA
MARION COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Caledonia
Marion County
110 East Marion Street
Caledonia, Ohio 43314

To the Village Council:

We have audited the accompanying financial statements of the Village of Caledonia, Marion County, Ohio, (the Village) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

JIM PETRO
Auditor of State

June 22, 2000

**VILLAGE CALEDONIA
MARION COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$40,417	\$0	\$3,315	\$43,732
Intergovernmental Receipts	34,543	31,878	431	66,852
Charges for Services	2,635	0	0	2,635
Fines, Licenses, and Permits	1,184	0	0	1,184
Earnings on Investments	12,315	282	0	12,597
Miscellaneous	5,217	0	0	5,217
	<u>96,311</u>	<u>32,160</u>	<u>3,746</u>	<u>132,217</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	22,059	0	0	22,059
Leisure Time Activities	10,295	0	0	10,295
Community Environment	440	0	0	440
Basic Utility Services	16,374	0	0	16,374
Transportation	31,926	19,496	0	51,422
General Government	32,102	0	0	32,102
Capital Outlay	0	23,498	2,484	25,982
	<u>113,196</u>	<u>42,994</u>	<u>2,484</u>	<u>158,674</u>
Total Disbursements	<u>113,196</u>	<u>42,994</u>	<u>2,484</u>	<u>158,674</u>
Total Receipts Over/(Under) Disbursements	<u>(16,885)</u>	<u>(10,834)</u>	<u>1,262</u>	<u>(26,457)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	54,000	0	0	54,000
Transfers-Out	(11,571)	0	0	(11,571)
	<u>42,429</u>	<u>0</u>	<u>0</u>	<u>42,429</u>
Total Other Financing Receipts/(Disbursements)	<u>42,429</u>	<u>0</u>	<u>0</u>	<u>42,429</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>25,544</u>	<u>(10,834)</u>	<u>1,262</u>	<u>15,972</u>
Fund Cash Balances January 1	<u>38,219</u>	<u>21,303</u>	<u>3,438</u>	<u>62,960</u>
Fund Cash Balances, December 31	<u><u>\$63,763</u></u>	<u><u>\$10,469</u></u>	<u><u>\$4,700</u></u>	<u><u>\$78,932</u></u>

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

**VILLAGE OF CALEDONIA
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$137,342
Interest	\$377
Miscellaneous	116
	137,835
Operating Cash Disbursements:	
Personal Services	3,091
Fringe Benefits	574
Contractual Services	60,116
Supplies and Materials	4,657
Capital Outlay	15,124
	83,562
Total Operating Cash Disbursements	83,562
Operating Income/(Loss)	54,273
Non-Operating Cash Receipts:	
Special Assessments	55,951
Total Non-Operating Cash Receipts	55,951
Non-Operating Cash Disbursements:	
Debt Service	90,478
Total Non-Operating Cash Disbursements	90,478
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	19,746
Transfers-In	11,571
Advances-Out	(54,000)
	(22,683)
Net Receipts Over/(Under) Disbursements	(22,683)
Fund Cash Balances, January 1	306,264
Fund Cash Balances, December 31	\$283,581

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Caledonia, Marion County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utility, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Other Capital Project Fund - This fund receives tax monies which are used for the maintenance of the Village hall.

4. Enterprise Funds

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

Sanitary Sewer Revenue Fund - This fund receives sewer charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Debt Service Fund - This fund accumulates monies transferred from the sanitary sewer revenue fund to pay bond principal and interest amounts as they become due, as required by the indenture of mortgage.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

VILLAGE OF CALEDONIA
MARION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation Leave

The Village's employee is entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>
Demand deposits	\$ 199,574
STAR Ohio	<u>162,939</u>
Total deposits and investments	<u>\$ 362,513</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village

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

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 129,851	\$ 150,311	\$ 20,460
Special Revenue	27,260	32,160	4,900
Capital Projects	3,625	3,746	121
Enterprise	235,416	205,537	(29,879)
Total	\$ 396,152	\$ 391,754	\$ (4,398)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 165,089	\$ 124,767	\$ 40,322
Special Revenue	46,892	42,994	3,898
Capital Projects	6,900	2,484	4,416
Enterprise	394,148	228,040	166,108
Total	\$ 613,029	\$ 398,285	\$ 214,744

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 471,725	4%
Ohio Public Works Commission	165,000	0%
Sanitary Sewer System Mort. Revenue Bonds	837,000	5%
Total	\$ 1,473,725	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant construction project. The OWDA has approved up to \$526,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$19,314, including interest, over 20 years.

The Ohio Public Works Commission (OPWC) loan relates to the sewer plant construction project. The OPWC has approved up to \$200,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$5,000, interest-free, over 20 years.

The Sanitary Sewer System Mortgage Revenue Bonds relate to the sewer plant construction. The bonds were issued on behalf of the Village by the United States Department of Agriculture-Rural Economic Community Development Services as a loan reimbursement at the completion of the construction project. The USDA Rural Economic Community Development Services has approved up to \$837,000 in a loan to the Village for this project. The bonds will be repaid in annual installments ranging from \$40,523 to 50,800, including interest, over 40 years.

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

Year ending December 31:	OWDA Loan	OPWC Loan	Sanitary Sewer Revenue Bonds
2000	\$ 38,628	\$ 10,000	\$ 41,850
2001	38,628	10,000	49,850
2002	38,628	10,000	50,450
2003	38,628	10,000	50,000
2004	38,628	10,000	49,550
Subsequent	463,536	115,000	1,653,351
Total	\$ 656,676	\$ 165,000	\$ 1,895,050

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Caledonia
Marion County
110 East Marion Street
Caledonia, Ohio 43314

To the Village Council:

We have audited the accompanying financial statements of the Village of Caledonia, Marion County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 22, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

June 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF CALEDONIA

MARION 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
JULY 18, 2000