



**Auditor of State
Betty Montgomery**

VILLAGE OF CALDWELL
NOBLE COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Caldwell, Noble County, Ohio (the Village), as of and for the year ended December 31, 2002. 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Caldwell, Noble County, as of December 31, 2002, 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 September 8, 2003, 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 an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Caldwell
Noble County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 8, 2003

VILLAGE OF CALDWELL
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$30,710	\$	\$30,710
Special Assessments	178		178
Intergovernmental Receipts	25,618	72,212	97,830
Charges for Services	700	13,765	14,465
Fines, Licenses, and Permits	2,669		2,669
Earnings on Investments	303,845	1,427	305,272
Miscellaneous	15,740	25	15,765
	<u>379,460</u>	<u>87,429</u>	<u>466,889</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	139,502	1,470	140,972
Public Health Services		2,050	2,050
Leisure Time Activities	2,559		2,559
Community Environment	9,413	32,141	41,554
Transportation	111,389	30,195	141,584
General Government	90,378		90,378
Capital Outlay		12,444	12,444
	<u>353,241</u>	<u>78,300</u>	<u>431,541</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>26,219</u>	<u>9,129</u>	<u>35,348</u>
Other Financing Receipts/Disbursements:			
Other Financing Uses	(7,533)		(7,533)
	<u>(7,533)</u>		<u>(7,533)</u>
Total Other Financing Receipts/Disbursements	<u>(7,533)</u>	<u>0</u>	<u>(7,533)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>18,686</u>	<u>9,129</u>	<u>27,815</u>
Fund Cash Balances, January 1	<u>2,103,531</u>	<u>203,006</u>	<u>2,306,537</u>
Fund Cash Balances, December 31	<u>\$2,122,217</u>	<u>\$212,135</u>	<u>\$2,334,352</u>
Reserves for Encumbrances, December 31	<u><u>\$7,830</u></u>	<u><u>\$15,328</u></u>	<u><u>\$23,158</u></u>

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

VILLAGE OF CALDWELL
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$1,822,672	\$1,250	\$	\$1,823,922
Interest		3,801		3,801
Miscellaneous	46,815			46,815
Total Operating Cash Receipts	<u>1,869,487</u>	<u>5,051</u>	<u>0</u>	<u>1,874,538</u>
Operating Cash Disbursements:				
Personal Services	448,891			448,891
Fringe Benefits	91,277			91,277
Contractual Services	221,268			221,268
Supplies and Materials	317,500			317,500
Capital Outlay	492,313			492,313
Miscellaneous	6,126			6,126
Total Operating Cash Disbursements	<u>1,577,375</u>	<u>0</u>	<u>0</u>	<u>1,577,375</u>
Operating Income/(Loss)	<u>292,112</u>	<u>5,051</u>	<u>0</u>	<u>297,163</u>
Non-Operating Cash Receipts:				
Intergovernmental Receipts	239,092			239,092
Total Non-Operating Cash Receipts	<u>239,092</u>	<u>0</u>	<u>0</u>	<u>239,092</u>
Non-Operating Cash Disbursements:				
Debt Service:				
Redemption of Principal	346,580			346,580
Interest and Other Fiscal Charges	146,392			146,392
Total Non-Operating Cash Disbursements	<u>492,972</u>	<u>0</u>	<u>0</u>	<u>492,972</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	38,232	5,051	0	43,283
Transfers-In	30,000			30,000
Transfers-Out	(30,000)			(30,000)
Net Receipts Over/(Under) Disbursements	38,232	5,051	0	43,283
Fund Cash Balances, January 1	<u>2,505,079</u>	<u>84,716</u>	<u>383</u>	<u>2,590,178</u>
Fund Cash Balances, December 31	<u>\$2,543,311</u>	<u>\$89,767</u>	<u>\$383</u>	<u>\$2,633,461</u>
Reserves for Encumbrances, December 31	<u>\$614,066</u>	<u>\$0</u>	<u>\$0</u>	<u>\$614,066</u>

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

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Caldwell, Noble County (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 water and sewer utilities, park operations, and police services. The Village contracts with Caldwell Volunteer Fire Company for fire protection 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

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and mortgage-backed securities are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

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 Funds

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 Funds:

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

CDBG Grant Fund-Caldwell Savings and Loan Fund - This fund receives interest receipts from old revolving loan payments. These monies are available to loan for public improvements.

3. Enterprise Funds

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

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

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

Sewer Revenue Bond Retirement Fund - This fund receives an allocation of water and sewer revenues for retirement of debt.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant Fiduciary Fund:

Cemetery Perpetual Care Fund – This fund receives receipts from the sale of cemetery lots for maintenance and upkeep of the Village cemetery.

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 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2002 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 and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are 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:

	2002
Demand deposits	\$1,334,968
Certificates of deposit	1,940,000
Total deposits	3,274,968
Money market mutual fund	45,172
Mortgage-backed securities	1,647,673
Total investments	1,692,845
Total deposits and investments	\$4,967,813

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

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: Mortgage-backed securities are held in book-entry form by the investment firm in the Village's name. Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form. The market value of these securities at December 31, 2002 is \$1,589, 946.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$336,423	\$379,460	\$43,037
Special Revenue	99,113	87,429	(11,684)
Enterprise	2,815,402	2,138,579	(676,823)
Fiduciary	5,800	5,051	(749)
Total	\$3,256,738	\$2,610,519	(\$646,219)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$448,418	\$368,604	\$79,814
Special Revenue	162,638	93,628	69,010
Enterprise	3,185,572	2,714,413	471,159
Fiduciary	4,400	4,400	4,400
Total	\$3,801,028	\$3,176,645	\$624,383

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 payments, 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.

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 CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer-Plant	\$1,224,161	2.00%
OWDA Loan - Sewer-Prison	1,995,237	2.00%
OWDA Loan - Sewer Lines	477,176	2.20%
USDA Loan - Water Revenue	29,695	3.23/3.25%
GMAC-Mortgage Revenue Bonds	1,190,600	5.00%
Total	\$4,916,869	

The Ohio Water Development Authority (OWDA) loans for Sewer-Prison and Sewer-Lines were used to expand the sewer system facility and provide lines for sewer services to the new prison. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

GMAC-Mortgage Revenue Bonds were for improvements to utilities and further improvements and extensions for water services. Revenue of the Water Fund has been pledged to repay these debts.

The United States Department of Agriculture (USDA) loans and OWDA loans for Sewer-Plant were used for improvements to the Village's utility systems. The loans are collateralized by sewer and water receipts. The Village has agreed to set utility rates sufficient to cover OWDA and USDA debt service requirements.

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

	USDA Loan	GMAC Loan Mortgage Revenue Bond	OWDA Loan (Sewer Plant)	OWDA Loan (Sewer Prison)	OWDA Loan (Sewer Lines)
Year ending December 31					
2003	\$6,800	\$ 99,530	\$88,295	\$83,183	\$19,894
2004	6,800	100,530	176,589	166,366	39,788
2005	6,800	99,380	176,589	166,366	39,788
2006	6,800	100,180	176,589	166,366	39,788
2007	4,861	99,830	176,589	166,366	39,788
2008-2012		499,700	529,768	831,830	198,938
2013-2017		499,000		748,647	179,044
2018-2022		358,590			
Total	\$32,061	\$1,856,740	\$1,324,419	\$2,329,124	\$557,028

**VILLAGE OF CALDWELL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are 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 2002, members of OP&F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Village is exposed to various risks of loss related to torts, thefts 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 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 the 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.

8. CONTINGENT LIABILITIES

The Village is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Caldwell, Noble County, Ohio (the Village), as of and for the year ended December 31, 2002, and have issued our report thereon dated September 8, 2003. 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated September 8, 2003.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated September 8, 2003.

Village of Caldwell
Noble County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 8, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
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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
NOVEMBER 6, 2003**