



Dave Yost • Auditor of State

VILLAGE OF KALIDA
PUTNAM COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Schedule of Prior Audit Findings	29

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Dave Yost • Auditor of State

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 and related notes of the Village of Kalida, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 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, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or 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 combined cash balances of the Village of Kalida, Putnam County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

November 12, 2015

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$96,302	\$14,189		\$110,491
Municipal Income Tax	530,986			530,986
Intergovernmental	45,835	93,866	\$257,331	397,032
Special Assessments	130	69,530		69,660
Charges for Services	64,486			64,486
Payments in Lieu of Taxes	26,938			26,938
Donations		64,834		64,834
Fines, Licenses and Permits	4,309			4,309
Earnings on Investments	1,640	16		1,656
Miscellaneous	35,065	6,655		41,720
<i>Total Cash Receipts</i>	<u>805,691</u>	<u>249,090</u>	<u>257,331</u>	<u>1,312,112</u>
Cash Disbursements				
Current:				
Security of Persons and Property	62,475	124,051		186,526
Leisure Time Activities	6,000	74,307		80,307
Basic Utility Services	169			169
Transportation		24,817		24,817
General Government	316,507	578		317,085
Capital Outlay	183,431	375,052	257,331	815,814
Debt Service:				
Principal Retirement	4,350	14,770		19,120
Interest and Fiscal Charges		4,779		4,779
<i>Total Cash Disbursements</i>	<u>572,932</u>	<u>618,354</u>	<u>\$257,331</u>	<u>1,448,617</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>232,759</u>	<u>(369,264)</u>		<u>(136,505)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	33,500			33,500
Transfers In		383,949		383,949
Transfers Out	(383,949)			(383,949)
Advances In	107,702	77,202		184,904
Advances Out	(114,702)	(77,202)		(191,904)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(357,449)</u>	<u>383,949</u>		<u>26,500</u>
<i>Net Change in Fund Cash Balances</i>	(124,690)	14,685		(110,005)
<i>Fund Cash Balances, January 1</i>	<u>1,316,538</u>	<u>36,553</u>		<u>1,353,091</u>
Fund Cash Balances, December 31				
Restricted		42,846		42,846
Committed		8,392		8,392
Assigned	708,716			708,716
Unassigned	483,132			483,132
<i>Fund Cash Balances, December 31</i>	<u>\$1,191,848</u>	<u>\$51,238</u>		<u>\$1,243,086</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 (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$342,715
Operating Cash Disbursements	
Personal Services	92,543
Employee Fringe Benefits	45,888
Contractual Services	90,824
Supplies and Materials	68,844
<i>Total Operating Cash Disbursements</i>	298,099
<i>Operating Income</i>	44,616
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	368,991
Capital Outlay	(223,912)
Principal Retirement	(21,559)
Interest and Other Fiscal Charges	(3,842)
<i>Total Non-Operating Receipts (Disbursements)</i>	119,678
<i>Income before Advances</i>	164,294
Advances In	37,500
Advances Out	(30,500)
<i>Net Change in Fund Cash Balances</i>	171,294
<i>Fund Cash Balances, January 1</i>	349,293
<i>Fund Cash Balances, December 31</i>	\$520,587

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 (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$93,347	\$13,757		\$107,104
Municipal Income Tax	501,267			501,267
Intergovernmental	227,907	396,459	\$174,000	798,366
Special Assessments		4,683		4,683
Charges for Services	74,275			74,275
Payment in Lieu of Taxes	17,477			17,477
Donations		85,795		85,795
Fines, Licenses and Permits	5,433			5,433
Earnings on Investments	2,798			2,798
Miscellaneous	17,071	8,307		25,378
<i>Total Cash Receipts</i>	<u>939,575</u>	<u>509,001</u>	<u>174,000</u>	<u>1,622,576</u>
Cash Disbursements				
Current:				
Security of Persons and Property	59,570	93,588		153,158
Leisure Time Activities	6,000	70,762		76,762
Basic Utility Services	682	0		682
Transportation	0	24,834		24,834
General Government	261,748	430		262,178
Capital Outlay	24,736	1,054,886	348,000	1,427,622
Debt Service:				
Principal Retirement		14,063		14,063
Interest and Fiscal Charges		5,486		5,486
<i>Total Cash Disbursements</i>	<u>352,736</u>	<u>1,264,049</u>	<u>348,000</u>	<u>1,964,785</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>586,839</u>	<u>(755,048)</u>	<u>(174,000)</u>	<u>(342,209)</u>
Other Financing Receipts (Disbursements)				
Loan Proceeds			174,000	174,000
Transfers In	4,202	700,205		704,407
Transfers Out	(700,205)	(4,202)		(704,407)
Advances In	366,246	366,246		732,492
Advances Out	(391,246)	(366,246)		(757,492)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(721,003)</u>	<u>696,003</u>	<u>\$174,000</u>	<u>149,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(134,164)</u>	<u>(59,045)</u>		<u>(193,209)</u>
<i>Fund Cash Balances, January 1 (restated)</i>	<u>1,450,702</u>	<u>95,598</u>		<u>1,546,300</u>
Fund Cash Balances, December 31				
Restricted		24,821		24,821
Committed		11,732		11,732
Assigned	1,029,774			1,029,774
Unassigned	286,764			286,764
<i>Fund Cash Balances, December 31</i>	<u>\$1,316,538</u>	<u>\$36,553</u>		<u>\$1,353,091</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 (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$345,702
Operating Cash Disbursements	
Personal Services	90,479
Employee Fringe Benefits	39,397
Contractual Services	83,466
Supplies and Materials	75,535
<i>Total Operating Cash Disbursements</i>	288,877
<i>Operating Income</i>	56,825
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	348,338
Intergovernmental	75,000
Loan Proceeds	75,000
Capital Outlay	(529,489)
Principal Retirement	(38,873)
Interest and Other Fiscal Charges	(9,896)
<i>Total Non-Operating Receipts (Disbursements)</i>	(79,920)
<i>Loss before Advances</i>	(23,095)
Advances In	25,000
<i>Net Change in Fund Cash Balances</i>	1,905
<i>Fund Cash Balances, January 1</i>	347,388
<i>Fund Cash Balances, December 31</i>	\$349,293

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

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Kalida, Putnam County, (the Village) as a body corporate and politic. 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.

The Village participates in the Ohio Plan Risk Management Inc., a public risk pool. Note 9 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.

B. Accounting Basis

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 Board 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.

C. 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.

The Village values certificates of deposit at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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 receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park and Recreation Fund – This fund receives donations and farm rent income for the construction of the park and repayment of a loan for park land.

3. 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:

Ohio Public Works Commission (OPWC) Fund – This fund receives grant and loan proceeds for the purpose of improvements made to storm sewers on Ralph and Sixth Street.

4. 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 receives charges for services from residents to cover water service costs.

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

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 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.

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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 approve estimated resources.

3. 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 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. 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.

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. Equity in Pooled Deposits

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$631,606	\$572,715
Certificates of deposit	1,132,067	1,129,669
Total deposits	<u>\$1,763,673</u>	<u>\$1,702,384</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$481,326	\$839,191	\$357,865
Special Revenue	527,359	633,039	105,680
Capital Projects		257,331	257,331
Enterprise	576,400	711,706	135,306
Total	<u>\$1,585,085</u>	<u>\$2,441,267</u>	<u>\$856,182</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,512,415	\$960,527	\$551,888
Special Revenue	693,428	619,844	73,584
Capital Projects	257,331	257,331	
Enterprise	897,763	570,898	326,865
Total	<u>\$3,360,937</u>	<u>\$2,408,600</u>	<u>\$952,337</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$568,015	\$943,777	\$375,762
Special Revenue	1,358,577	1,209,206	(149,371)
Capital Projects		348,000	348,000
Enterprise	573,799	844,040	270,241
Total	<u>\$2,500,391</u>	<u>\$3,345,023</u>	<u>\$844,632</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,512,163	\$1,054,256	\$457,907
Special Revenue	1,452,738	1,268,679	184,059
Capital Projects	348,000	348,000	
Enterprise	922,055	867,898	54,157
Total	<u>\$4,234,956</u>	<u>\$3,538,833</u>	<u>\$696,123</u>

- Contrary to Ohio Law, Village appropriations exceeded estimated resources in the Street Construction, Maintenance, and Repair Fund and in the Special Levy Police Protection Fund at December 31, 2014.
- Contrary to Ohio law, Council approved appropriation amounts submitted to the County Budget Commission were not properly posted in the Village system for December 31, 2014 and 2013.
- Contrary to Ohio law, the Village had \$20,983 in outstanding purchase commitments in the Enterprise Fund at December 31, 2014, which were not properly certified and

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

thus were not reported as encumbrances in the notes to the financial statements by the Clerk-Treasurer.

- Contrary to Ohio law, in 2014, the Village was the beneficiary of \$257,331 of Ohio Public Works Commission (OPWC) money paid directly to the vendor by OPWC on behalf of the Village. The Fiscal Officer did not record this activity and the corresponding appropriations.
- Also contrary to Ohio law, in 2014, the Village improperly posted to the Street, Construction, Maintenance, and Repair Fund, State Highway Fund, General Fund, FEMA Fund, Ohio Public Works Commission Fund, and the Water Fund in amounts ranging from \$372 to \$348,000.

4. Accountability

Restatement of Governmental Fund Balances

The Village's governmental fund balances were restated at December 31, 2012 as a result of adjustments made by the Village for state and local government and gas tax monies incorrectly posted to the General, Street Construction, Maintenance, and Repair, and State Highway Funds. This prior period adjustment had the following effect on the Village's governmental fund balances as previously reported:

	General Fund	Special Revenue Fund	Total Governmental Funds
Fund balance as previously reported	\$1,452,457	\$93,843	\$1,546,300
Adjustment for revenue incorrectly posted	(1,755)	1,755	
Restated fund balance at January 1, 2013	\$1,450,702	\$95,598	\$1,546,300

5. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to 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.

6. Local Income Tax

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.

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

7. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$257,289	
Ohio Water Development Authority	92,769	7.000%
General Obligation Loan	85,674	4.875%
Total	\$435,732	

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency, and storm sewer improvements on Ralph and Sixth Street and a water treatment plant equipment upgrade project. The loans will be repaid in semiannual installments over 20 years and 10 years, respectively. Operating income from water charges were not adequate to provide for the Village's OWDA debt obligation. This is contrary to Ohio Water Development Authority (OWDA) Cooperation Agreement for the construction maintenance and operation of state waste project.

The 4.875% General Obligation Loan was to help finance the purchase of land for the park. This loan will be paid back in semiannual payments over 10 years. This loan is being repaid with donations from outside organizations.

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

Year ending	OPWC Loans	OWDA Loans	General Obligation Loans	Total
December 31:				
2015	\$22,234	\$42,209	\$19,549	\$83,992
2016	15,189	42,209	19,549	76,947
2017	15,189	21,105	19,549	55,843
2018	15,189		19,549	34,738
2019	15,188		19,549	34,737
2020 - 2024	62,250			62,250
2025 - 2029	62,250			62,250
2030 - 2034	49,800			49,800
Total	\$257,289	\$105,523	\$97,745	\$460,557

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Retirement Systems

A. State Retirement Systems

The Village's certified Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. During 2014 and 2013, OP&F participants contributed the following percentages of their wages:

- 10.00% from January 1, 2013 through June 30, 2013
- 10.75% from July 1, 2013 through June 30, 2014.
- 11.50% from July 1, 2014 through December 31, 2014

For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the OP&F/PERS Ohio have an option to choose Social Security or the OP&F/PERS Ohio. As of December 31, 2014, members of the Volunteer Fire Department have elected Social Security. The Village's liability is 6.2 percent of wages paid.

9. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

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

10. Interfund Transfers

Interfund transfers for the year ended December 31, 2014 and 2013, consisted of the following, as reported on the fund statements:

December 31, 2014

Transfers from the General Fund to:	Amount
Special Revenue Funds:	
Street Construction, Maintenance, and Repair	\$270,606
Parks and Recreation Fund	19,026
Volunteer Fire Department Reimbursement	21,317
Police Special Fund	73,000
Total Transfers	\$383,949

December 31, 2013

Transfers from the General Fund to:	Amount
Special Revenue Funds:	
Street Construction, Maintenance, and Repair	\$636,205
State Highway Fund	64,000
Total Transfers	\$700,205

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

The Federal Emergency Management Agency Fund transferred \$4,202 to the General Fund to reimburse for wind storm expenses incurred in 2012. 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.

11. Interfund Advances

Interfund Advances for the year ended December 31, 2014 and 2013, consisted of the following, as reported on the fund statements:

December 31, 2014

Advances from the General Fund to:	Amount
Special Revenue Funds:	
Parks and Recreation Fund	\$64,834
Volunteer Fire Department Reimbursement	12,368
Enterprise Funds:	
Water Fund	35,000
Sewer Fund	2,500
Total Advances	\$114,702

December 31, 2014

Advances Returned to the General Fund From:	Amount
Special Revenue Funds:	
Parks and Recreation Fund	\$64,834
Volunteer Fire Department Reimbursement	12,368
Enterprise Funds:	
Water Fund	13,000
Sewer Fund	17,500
Total Advances	\$107,702

December 31, 2013

Advances from the General Fund to:	Amount
Special Revenue Funds:	
Street Construction, Maintenance, and Repair	\$300,000
State Highway Fund	66,246
Enterprise Funds:	
Water Fund	10,000
Sewer Fund	15,000
Total Advances	\$391,246

VILLAGE OF KALIDA
PUTNAM COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

December 31, 2013

Advances Returned to the General Fund From:	Amount
Special Revenue Funds:	
Street Construction, Maintenance, and Repair	\$300,000
State Highway Fund	66,246
Total Advances	<u>\$366,246</u>

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Dave Yost • Auditor of State

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 Village of Kalida, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 12, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-005 and 2014-007 described in the accompanying schedule of findings 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 determination of financial statement amounts. 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 2014-003 through 2014-008.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

November 12, 2015

**VILLAGE OF KALIDA
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Monitoring of Financial Statements

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is fairly stated. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The Fiscal Officer is responsible for the majority of the functions related to the accounting records. Without proper separation of duties, there is a possibility errors or fraud could occur and not be detected in a timely period.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2014, Ohio Public Works Commission Grant receipts and disbursements of \$257,331 were not recorded in a Capital Projects Fund as intergovernmental revenue and capital outlay.
- In 2014, \$33,500 was received from the sale of assets, however, the payments were incorrectly posted as miscellaneous revenue instead of as sale of capital assets in the General Fund.
- In 2013, loan proceeds of \$75,000 were incorrectly classified as intergovernmental revenue in the Enterprise Capital Improvement Fund instead of as loan proceeds.
- In 2014 and 2013, payment in lieu of taxes revenues of \$26,938 and \$17,477, respectively, were incorrectly classified as intergovernmental revenue and miscellaneous revenue, respectively, in the General Fund.
- In 2014 and 2013, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$708,716 and \$1,029,774, respectively.
- In 2014 and 2013, committed fund balance was overstated and restricted fund balance was understated in the Special Revenue Funds by \$42,846 and \$24,821, respectively.

As a result, the Village's financial statements did not correctly reflect the financial activity of the Village. The Village's financial statements and, where applicable, accounting records have been adjusted to reflect these and 16 other discrepancies.

To ensure the financial statements and notes to the statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with guidance established by the Ohio Village Officers' Handbook issued by the Auditor of State. The Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements, by the Fiscal Officer and Council to identify and correct errors and omissions.

FINDING NUMBER 2014-002

Material Weakness

Posting of Estimated Receipts

Sound accounting practices provide that budgeted revenues posted to the Village's ledgers be based on amounts formally reviewed and approved by the Council.

Estimated receipts recorded in the Village's ledgers differed from amounts approved by the Council and submitted to the County Budget Commission in the following funds:

	Approved Estimated Receipts	Posted Estimated Receipts	Difference
For the Year Ended December 31, 2014			
General Fund	\$481,326	\$724,374	\$243,048
Street Construction Maintenance and Repair Fund	410,000	419,190	9,190
State Highway Fund	6,000	4,664	(1,336)
Special Levy Police Protection Fund	15,113	95,363	80,250
Volunteer Firemen Department Grant Fund		33,685	33,685
Parks and Recreation Fund	96,246	84,311	(11,935)
Water Operating Fund	194,000	198,780	4,780
Sewer Operating Fund	124,000	129,204	5,204
Enterprise Improvement Fund	192,400	288,819	96,419
Water Tower Maintenance Fund	66,000	37,500	(28,500)
For the Year Ended December 31, 2013			
General Fund	\$568,016	\$943,777	\$375,761
Street Construction Maintenance and Repair Fund	1,234,570	1,358,911	124,341
State Highway Fund	5,459	6,790	1,331
Special Levy Police Protection Fund	89,416	78,279	11,137
Volunteer Firemen Department Grant Fund	4,000	14,925	10,925
Parks and Recreation Fund	25,132	94,102	68,970
Water Operating Fund	199,558	202,525	2,967
Sewer Operating Fund	111,240	124,427	13,187
Enterprise Improvement Fund	238,000	498,338	260,338
Water Tower Maintenance Fund	25,000	18,750	(6,250)

These errors occurred in the posting of estimated receipts since the Fiscal Officer did not compare the total posted to the certificate of estimated resources and there was not an adequate review by the Council Members. The budgetary note to the financial statements was corrected to reflect the approved amounts.

Failure to accurately reflect budgetary figures in the accounting system could result in management basing their financial decisions on inaccurate information, which could possibly result in deficit spending. We recommend the Fiscal Officer compare the amounts posted to the certificate of estimated resources when posting the estimated receipts. We further recommend the Council periodically review the budgetary reports to ensure the correct amounts have been posted.

FINDING NUMBER 2014-003

Non-Compliance and Material Weakness

Sound accounting practices require money spent on behalf of the Village by other governments be posted to the Village's ledgers. Furthermore, **Ohio Rev. Code § 5705.42** deems the funds appropriated, eliminating the need for the Village to approve a formal appropriation for these monies, however, this section does require the Village to record the appropriation.

In 2014, the Village was the beneficiary of \$257,331 of Ohio Public Works Commission (OPWC) money paid directly to the vendor by OPWC on behalf of the Village. The Fiscal Officer did not record this activity and the corresponding appropriations. Because OPWC paid the invoices, the Village did not receive this cash. However, Auditor of State Bulletin 2000-08 prescribes recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The financial statements were adjusted to reflect these amounts.

The Village lacked a policy regarding financial review which contributed to the material posting discrepancies.

We recommend the Village record all benefits received from OPWC as a memo receipt and expenditure on the Village's records, request an amended certificate of estimated resources for these funds, and Council approve a corresponding appropriation for the expenditure. In addition, the Fiscal Officer should review Auditor of State Bulletin 2000-08.

FINDING NUMBER 2014-004

Non-Compliance and Material Weakness

Ohio Rev. Code § 5705.10(D) requires 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. Furthermore, money paid into any fund must be used only for the purposes for which such fund is established.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2014, the Village improperly distributed gasoline tax and other fees in the amount of \$372 in the Street Construction, Maintenance, and Repair Fund instead of the State Highway Fund.
- In 2014, the Village improperly posted state and local government highway monies in the General Fund instead of distributing between the Street Construction, Maintenance, and Repair Fund and the State Highway Fund in the amounts of \$3,124 and \$253, respectively.
- In 2013, loan proceeds, intergovernmental revenue, and capital outlay of \$174,000, \$174,000, and \$348,000, respectively, from the Ohio Public Works Commission Grant were incorrectly posted to a Special Revenue Fund instead of a Capital Projects Fund.
- In 2013, the Village received \$4,202 in reimbursement from the Federal Emergency Management Agency (FEMA). This revenue was incorrectly posted in the General Fund instead of in a FEMA Special Revenue Fund.
- In 2013 Water Fund tap fees of \$600 were incorrectly recorded in the Sewer Fund instead of the Water Fund.

As a result, the Village's accounting ledgers and financial statements did not correctly reflect the financial activity of the Village. The financial statements and accounting records have been adjusted so these transactions are reflected in the proper funds.

These situations could result in monies being used for purposes other than those prescribed by law. Furthermore, inaccurate posting of transactions impedes the ability of management officials to accurately assess the financial status of the Village.

To prevent monies from being used for purposes other than those prescribed by law, we recommend the Fiscal Officer review the Ohio Township Handbook and the Ohio Revised Code to help ensure transactions are posted to the correct funds.

FINDING NUMBER 2014-005

Non-Compliance and Material Weakness

Ohio Rev. Code § 5705.40 provides any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

The appropriations recorded in the Village's ledgers differed from the legally adopted appropriation amounts approved by Council and submitted to the County Budget Commission in the following funds:

	Approved Appropriations	Posted Appropriations	Difference Over/(Under)
For the Year Ended December 31, 2014			
General Fund	\$1,512,415	\$963,271	\$(549,144)
Street Construction Maintenance and Repair Fund	550,000	427,515	(122,485)
State Highway Fund	17,000	4,300	(12,700)
Special Levy Police Protection Fund	93,428	95,872	2,444
Volunteer Firemen Department Grant Fund	-	33,685	33,685
Parks and Recreation Fund	33,000	94,577	61,577
Water Operating Fund	197,543	201,714	4,171
Sewer Operating Fund	125,220	125,923	703
Enterprise Improvement Fund	466,000	200,075	(265,925)
Water Tower Maintenance Fund	73,000	18,176	(54,824)
Enterprise Debt Reserve Fund	36,000	36,353	353
For the Year Ended December 31, 2013			
General Fund	\$1,512,163	\$1,054,299	\$(457,864)
Street Construction Maintenance and Repair Fund	1,306,000	1,422,994	116,994
State Highway Fund	17,347	4,726	(12,621)
Special Levy Police Protection Fund	92,317	79,563	(12,754)
Volunteer Firemen Department Grant Fund	4,000	14,925	10,925
Parks and Recreation Fund	33,074	90,311	57,237
Water Operating Fund	213,313	212,216	(1,097)
Sewer Operating Fund	114,671	126,373	11,702
Enterprise Improvement Fund	448,967	434,791	(14,176)

Water Tower Maintenance Fund	86,441	72,705	(13,736)
Enterprise Debt Reserve Fund	58,663	21,993	(36,670)

These errors occurred in the posting of appropriations since the Officials did not approve and file all appropriations with the County Auditor and there was not an adequate review of the budgetary reports by the Council Members. The budgetary note to the financial statements was corrected to reflect the approved amounts.

We recommend all appropriations be approved and filed with the County Auditor prior to posting to the accounting system so expenditures can be monitored and compliance with the Ohio Revised Code can be attained. We also recommend the Council review budget versus actual reports and compare posted appropriations to the appropriation measure approved by Council.

FINDING NUMBER 2014-006

Non-Compliance

Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project §4.3 requires the Village will prescribe and charge rates for the services of the water and sewer system that shall result in pledged revenues at least adequate to provide for payments required to remit its debt obligation payments to OWDA.

The Village Council failed to review and revise the water rates to ensure compliance with the OWDA agreement.

Operating income of \$15,086 and \$35,874 generated in 2014 and 2013, respectively, from water charges were not adequate to provide for payments required to remit the Village's debt obligations of \$22,200 for 2014 and \$44,241 for 2013 to OWDA. As a result, the Village has had to advance a portion of its income tax revenues to the Water fund to help subsidize its debt obligations.

FINDING NUMBER 2014-007

Non-Compliance and Material Weakness

Ohio Rev. Code § 5705.41(D) provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" Certificate – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund free from any previous encumbrances, Council can authorize the drawing of a warrant for the payment of the amount due. Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now"

certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by Council.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village had \$20,983 in outstanding purchase commitments in the Enterprise Fund at December 31, 2014, which were not properly certified and thus were not reported as encumbrances in the notes to the financial statements by the Fiscal Officer. These errors were not identified and corrected prior to the audit due to deficiencies in the Village’s financial statement monitoring. The accompanying budgetary presentation footnote has been adjusted to reflect this amount of outstanding encumbrances at year end in the Enterprise fund type. Failure to properly certify expenditures and post encumbrances can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation by the Council. When prior certification is not possible, “then and now” certification should be used.

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

FINDING NUMBER 2014-008

Non-Compliance

Ohio Rev. Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

Appropriations exceeded estimated resources in the following funds as of December 31, 2014:

Fund	Appropriations	Available Resources	Variance
Street Construction, Maintenance, and Repair Fund	\$550,000	\$420,325	(\$129,675)
Special Levy Police Protection Fund	93,000	16,455	(76,545)

These errors were not identified and corrected prior to the audit due to deficiencies in the Village's financial statement monitoring. Allowing appropriations to remain higher than estimated resources increases the possibility appropriations may be unrealistically inflated which could result in deficit spending. Estimated resources should have been reduced to the level of the actual resources available for appropriation.

Management officials should monitor estimated resources and appropriations throughout the year and make the necessary modifications, with approval of the Council, to avoid appropriations exceeding estimated resources to avoid overspending.

Officials' Response:

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

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**VILLAGE OF KALIDA
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Revised Code § 5705.41(D)(1), for a lack of prior certification of expenditures.	No	Not corrected. Reissued as Finding 2014-007 in this report.
2012-002	Material weakness on financial reporting due to errors on financial statements.	No	Not corrected. Reissued as Finding 2014-001 in this report.

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VILLAGE OF KALIDA

PUTNAM 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
DECEMBER 1, 2015