



**VILLAGE OF CALEDONIA
MARION COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



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, 2000. 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, 2000, 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 March 26, 2001 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 it performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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.

JIM PETRO
Auditor of State

March 26, 2001

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**VILLAGE OF 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, 2000**

	<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	\$42,168	\$0	\$3,473	\$45,641
Intergovernmental Receipts	33,093	33,110	441	66,644
Charges for Services	3,795	0	0	3,795
Fines, Licenses, and Permits	5,418	0	0	5,418
Earnings on Investments	15,065	180	0	15,245
Miscellaneous	3,538	0	0	3,538
Total Cash Receipts	<u>103,077</u>	<u>33,290</u>	<u>3,914</u>	<u>140,281</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	25,135	0	0	25,135
Leisure Time Activities	6,939	0	0	6,939
Community Environment	310	0	0	310
Transportation	39,162	16,043	0	55,205
General Government	29,557	0	0	29,557
Capital Outlay	0	13,002	3,435	16,437
Total Disbursements	<u>101,103</u>	<u>29,045</u>	<u>3,435</u>	<u>133,583</u>
Total Receipts Over/(Under) Disbursements	<u>1,974</u>	<u>4,245</u>	<u>479</u>	<u>6,698</u>
Other Financing Receipts/(Disbursements):				
Transfers-Out	(14,133)	0	0	(14,133)
Advances-Out	(25,000)	0	0	(25,000)
Total Other Financing Receipts/(Disbursements)	<u>(39,133)</u>	<u>0</u>	<u>0</u>	<u>(39,133)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(37,159)	4,245	479	(32,435)
Fund Cash Balances January 1	63,764	10,469	4,700	78,933
Fund Cash Balances, December 31	<u><u>\$26,605</u></u>	<u><u>\$14,714</u></u>	<u><u>\$5,179</u></u>	<u><u>\$46,498</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, 2000**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$143,179</u>
Total Operating Cash Receipts	<u>143,179</u>
Operating Cash Disbursements:	
Personal Services	2,381
Fringe Benefits	216
Contractual Services	50,104
Supplies and Materials	8,648
Capital Outlay	<u>41,476</u>
Total Operating Cash Disbursements	<u>102,825</u>
Operating Income/(Loss)	<u>40,354</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	44,818
Proceeds from Loans	<u>33,990</u>
Total Non-Operating Cash Receipts	<u>78,808</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>91,328</u>
Total Non-Operating Cash Disbursements	<u>91,328</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	27,834
Transfers-In	14,133
Advances-In	<u>25,000</u>
Net Receipts Over/(Under) Disbursements	66,967
Fund Cash Balances, January 1	<u>283,580</u>
Fund Cash Balances, December 31	<u><u>\$350,547</u></u>

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

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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, and park operations (leisure time activities). The Village contracts with the Marion County Sheriff's department to provide security of persons and property.

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. 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.

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

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 Fund:

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

3. Capital Project Fund

This fund is 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.

VILLAGE OF CALEDONIA
MARION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(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 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 forward and need not be re-appropriated in the next year.

A summary of 2000 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:

	<u>2000</u>
Demand deposits	\$ 223,664
STAR Ohio	<u>173,381</u>
Total deposits and investments	<u>\$ 397,045</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or 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, 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 224,970	\$ 103,077	\$ (121,893)
Special Revenue	28,078	33,290	5,212
Capital Projects	3,594	3,914	320
Enterprise	242,460	236,120	(6,340)
Total	\$ 499,102	\$ 376,401	\$ (122,701)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 253,484	\$ 115,236	\$ 138,248
Special Revenue	36,738	29,045	7,693
Capital Projects	7,000	3,435	3,565
Enterprise	296,662	194,153	102,509
Total	\$ 593,884	\$ 341,869	\$ 252,015

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, 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 451,957	4%
Ohio Public Works Commission	188,140	0%
Sanitary Sewer System Mort. Revenue Bonds	837,000	5%
Total	\$ 1,477,097	

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 are being repaid in semiannual installments of \$19,314, including interest, over 20 years.

The Ohio Public Works Commission (OPWC) loan related to the sewer plant construction project. The balance on this loan at year end amounted to \$155,000. The loan is being repaid in semiannual installments of \$5,000, interest-free, over 20 years. The Village's Storm Sewer project exceeded the OPWC grant amount and thus a loan amount of \$33,990 became effective in 2000. This loan will be repaid in semiannual installments of \$850, 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 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 Loans	Sanitary Sewer Revenue Bonds
2001	\$ 38,628	\$ 11,700	\$ 49,850
2002	38,628	11,700	50,450
2003	38,628	11,700	50,000
2004	38,628	11,700	49,550
2005	38,628	11,700	50,100
Subsequent	424,908	129,640	1,603,251
Total	\$ 618,048	\$ 188,140	\$ 1,853,201

**VILLAGE OF CALEDONIA
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(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 plan. This plan provides 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 2000, members of contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

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, 2000, and have issued our report thereon dated March 26, 2001. 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 March 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving 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 do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 26, 2001.

Village of Caledonia
Marion County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

JIM PETRO
Auditor of State

March 26, 2001



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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
MAY 3, 2001**