



Dave Yost • Auditor of State

VILLAGE OF CADIZ
HARRISON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Cadiz
Harrison County
128 Court Street
Cadiz, Ohio 43907

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Cadiz, Harrison 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 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 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 Cadiz, Harrison 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 5, 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 5, 2015

**VILLAGE OF CADIZ
HARRISON 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	\$93,088	\$17,528	\$0	\$110,616
Municipal Tax	1,082,476	58,830	35,298	1,176,604
Intergovernmental	68,051	164,529	0	232,580
Charges for Services	309,148	0	1,814	310,962
Fines, Licenses and Permits	130,056	167	0	130,223
Earnings on Investments	1,200	39	0	1,239
Miscellaneous	56,487	13,429	4,139	74,055
<i>Total Cash Receipts</i>	<u>1,740,506</u>	<u>254,522</u>	<u>41,251</u>	<u>2,036,279</u>
Cash Disbursements				
Current:				
Security of Persons and Property	657,506	2,158	0	659,664
Public Health Services	26,158	0	0	26,158
Leisure Time Activities	487,474	0	2,470	489,944
Community Environment	4,536	0	24	4,560
Transportation	214,176	227,875	0	442,051
General Government	448,214	0	0	448,214
Capital Outlay	70,483	37,529	3,540	111,552
Debt Service:				
Principal Retirement	0	21,479	20,162	41,641
Interest and Fiscal Charges	0	3,246	4,065	7,311
<i>Total Cash Disbursements</i>	<u>1,908,547</u>	<u>292,287</u>	<u>30,261</u>	<u>2,231,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(168,041)</u>	<u>(37,765)</u>	<u>10,990</u>	<u>(194,816)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	80,890	0	0	80,890
Other Financing Sources	22,545	10,738	5,725	39,008
<i>Total Other Financing Receipts (Disbursements)</i>	<u>103,435</u>	<u>10,738</u>	<u>5,725</u>	<u>119,898</u>
<i>Special Item</i>				
Extraordinary Item	164,419	0	0	164,419
<i>Net Change in Fund Cash Balances</i>	<u>99,813</u>	<u>(27,027)</u>	<u>16,715</u>	<u>89,501</u>
<i>Fund Cash Balances, January 1</i>	<u>1,550,222</u>	<u>371,267</u>	<u>39,211</u>	<u>1,960,700</u>
Fund Cash Balances, December 31				
Restricted	0	337,472	55,926	393,398
Committed	0	6,769	0	6,769
Unassigned	1,650,035	0	0	1,650,035
<i>Fund Cash Balances, December 31</i>	<u>\$1,650,035</u>	<u>\$344,241</u>	<u>\$55,926</u>	<u>\$2,050,202</u>

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,389,829	\$0	\$1,389,829
<i>Total Operating Cash Receipts</i>	<u>1,389,829</u>	<u>0</u>	<u>1,389,829</u>
Operating Cash Disbursements			
Personal Services	260,741	0	260,741
Employee Fringe Benefits	147,159	0	147,159
Contractual Services	1,457,274	118,391	1,575,665
Supplies and Materials	209,985	78,812	288,797
<i>Total Operating Cash Disbursements</i>	<u>2,075,159</u>	<u>197,203</u>	<u>2,272,362</u>
<i>Operating (Loss)</i>	<u>(685,330)</u>	<u>(197,203)</u>	<u>(882,533)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	1,032,178	0	1,032,178
Other Debt Proceeds	2,806,709	0	2,806,709
Miscellaneous Receipts	24	168,855	168,879
Capital Outlay	(3,094,685)	(510)	(3,095,195)
Principal Retirement	(272,424)	0	(272,424)
Interest and Other Fiscal Charges	(169,085)	0	(169,085)
Other Financing Sources	387,632	162,302	549,934
Other Financing Uses	0	(21,000)	(21,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>690,349</u>	<u>309,647</u>	<u>999,996</u>
<i>Income before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>5,019</u>	<u>112,444</u>	<u>117,463</u>
<i>Net Change in Fund Cash Balances</i>	5,019	112,444	117,463
<i>Fund Cash Balances, January 1</i>	<u>1,648,893</u>	<u>674,875</u>	<u>2,323,768</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,653,912</u></u>	<u><u>\$787,319</u></u>	<u><u>\$2,441,231</u></u>

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

**VILLAGE OF CADIZ
HARRISON 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	\$104,652	\$16,885	\$0	\$121,537
Municipal Income Tax	1,063,049	57,774	34,665	1,155,488
Intergovernmental	34,286	185,106	0	\$219,392
Charges for Services	303,331	0	710	304,041
Fines, Licenses and Permits	73,030	0	0	73,030
Earnings on Investments	1,270	44	0	1,314
Miscellaneous	41,461	0	5,366	46,827
<i>Total Cash Receipts</i>	<u>1,621,079</u>	<u>259,809</u>	<u>40,741</u>	<u>1,921,629</u>
Cash Disbursements				
Current:				
Security of Persons and Property	530,881	29,672	0	560,553
Public Health Services	14,995	0	0	14,995
Leisure Time Activities	305,371	0	5,490	310,861
Community Environment	14,564	0	0	14,564
Basic Utility	80,639	0	0	80,639
Transportation	204,172	155,966	0	360,138
General Government	394,929	0	819	395,748
Capital Outlay	41,406	91,037	0	132,443
Debt Service:			0	
Principal Retirement	0	9,974	4,589	14,563
Interest and Fiscal Charges	0	1,642	2,260	3,902
<i>Total Cash Disbursements</i>	<u>1,586,957</u>	<u>288,291</u>	<u>13,158</u>	<u>1,888,406</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,122</u>	<u>(28,482)</u>	<u>27,583</u>	<u>33,223</u>
Other Financing Receipts				
Other Debt Proceeds	0	71,037	0	71,037
Other Financing Sources	185,896	12,837	0	198,733
<i>Total Other Financing Receipts</i>	<u>185,896</u>	<u>83,874</u>	<u>0</u>	<u>269,770</u>
<i>Net Change in Fund Cash Balances</i>	220,018	55,392	27,583	302,993
<i>Fund Cash Balances, January 1</i>	<u>1,330,204</u>	<u>315,875</u>	<u>11,628</u>	<u>1,657,707</u>
Fund Cash Balances, December 31				
Restricted	0	371,267	39,211	410,478
Unassigned	1,550,222	0	0	1,550,222
<i>Fund Cash Balances, December 31</i>	<u>\$1,550,222</u>	<u>\$371,267</u>	<u>\$39,211</u>	<u>\$1,960,700</u>

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

**VILLAGE OF CADIZ
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,241,699	\$0	\$1,241,699
<i>Total Operating Cash Receipts</i>	<u>1,241,699</u>	<u>0</u>	<u>1,241,699</u>
Operating Cash Disbursements			
Personal Services	233,520	0	233,520
Employee Fringe Benefits	133,917	3,547	137,464
Contractual Services	571,181	142,569	713,750
Supplies and Materials	154,776	19,380	174,156
<i>Total Operating Cash Disbursements</i>	<u>1,093,394</u>	<u>165,496</u>	<u>1,258,890</u>
<i>Operating Income (Loss)</i>	<u>148,305</u>	<u>(165,496)</u>	<u>(17,191)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	1,115,793	0	1,115,793
Other Debt Proceeds	414,988	0	414,988
Sale of Fixed Assets	0	248,830	248,830
Miscellaneous Receipts	4,323	339,316	343,639
Capital Outlay	(867,874)	(144,793)	(1,012,667)
Principal Retirement	(120,053)	0	(120,053)
Interest and Other Fiscal Charges	(135,863)	0	(135,863)
Other Financing Sources	6,141	110,274	116,415
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>417,455</u>	<u>553,627</u>	<u>971,082</u>
<i>Income before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>565,760</u>	<u>388,131</u>	<u>953,891</u>
<i>Net Change in Fund Cash Balances</i>	565,760	388,131	953,891
<i>Fund Cash Balances, January 1</i>	<u>1,083,133</u>	<u>286,744</u>	<u>1,369,877</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,648,893</u></u>	<u><u>\$674,875</u></u>	<u><u>\$2,323,768</u></u>

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

**VILLAGE OF CADIZ
HARRISON 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 Cadiz, Harrison 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, street repair and maintenance, and police services. The Village contracts with Cadiz Volunteer Fire Department to provide fire protection services.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization provides a jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

1. Summary of Significant Accounting Policies - (Continued)

2. Special Revenue Funds

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

Equipment Fund – this fund receives income tax monies to be used to purchase necessary equipment.

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:

Sally Buffalo General Development Fund – This fund receives donations that are used for improvements to the park.

Water/Sewer Capital Projects Fund- This fund receives local income tax revenues and grants for water/sewer capital projects.

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.

EPA Loan – This fund is used to account for the principal forgiveness of the related EPA mandated projects

5. Fiduciary Funds

Fiduciary funds include agency funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

1. Summary of Significant Accounting Policies - (Continued)

The Village's Community Improvement Corporation (CIC) Agency Fund accounts for monies the CIC lends to new and existing businesses within the Village to promote economic development and the repayment of these loans. Also, the CIC charges monthly rent to a corporation for property owned by the CIC.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.

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 in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into three 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. 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.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

2. 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.

3. 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 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 and Investments

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

	2014	2013
Demand deposits	\$2,960,938	\$2,754,317
Certificates of deposit	489,493	489,493
Total deposits	3,450,431	3,243,810
STAR Ohio	1,041,002	1,040,658
Total investments	1,041,002	1,040,658
Total deposits and investments	\$4,491,433	\$4,284,468

2. Equity in Pooled Deposits and Investments – (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

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

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

3. Budgetary Activity

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

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,952,595	\$2,008,360	\$55,765
Special Revenue	258,759	265,260	6,501
Capital Projects	45,105	46,976	1,871
Enterprise	8,524,400	5,616,372	(2,908,028)
Total	\$10,780,859	\$7,936,968	(\$2,843,891)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,932,754	\$1,908,547	\$24,207
Special Revenue	292,287	292,287	0
Capital Projects	30,261	30,261	0
Enterprise	5,641,116	5,611,353	29,763
Total	\$7,896,418	\$7,842,448	\$53,970

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,239,658	\$1,806,975	\$567,317
Special Revenue	238,924	343,683	104,759
Capital Projects	33,200	40,741	7,541
Enterprise	3,763,186	2,782,944	(980,242)
Total	\$5,274,968	\$4,974,343	(\$300,625)

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

3. Budgetary Activity – (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,586,958	\$1,586,957	\$1
Special Revenue	217,269	288,291	(71,022)
Capital Projects	13,157	13,158	(1)
Enterprise	2,217,238	2,217,184	54
Total	\$4,034,622	\$4,105,590	(\$70,968)

4. 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.

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

5. 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.

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.

All sums collected were receipted into the General Fund with the following exceptions:

Equipment Fund (2%) for the replacement of equipment and machinery as needed; Street Paving Fund (3%) for the maintenance, repair, paving and resurfacing of Village roads, streets and alleys; and Capital Projects Fund (3%) for the construction and reconstruction for water and sewer projects.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Bonds 1999	\$1,547,200	4.50%
USDA Bonds 2006	1,073,900	4.38%
OWDA # 3199	180,176	2.00%
OWDA # 3971	464,926	2.00%
PNC Dump Truck	11,041	5.14%
PNC Bond Series 2006	137,349	5.54%
OWDA # 6356	840,545	1.00%
Cadiz CIC Water Tower	117,225	1.50%
OWDA #6645	1,941,604	1.00%
OWDA #6751	379,232	2.00%
Kansas State Bank	60,052	2.99%
Total	<u>\$6,753,250</u>	

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were issued on March 15, 1999 in the amount of \$1,920,000 to help cover the cost of constructing the Village's waterworks system. The bonds will mature on March 1, 2039. The Village has agreed to set utility rates sufficient to cover the debt service requirement of the mortgage revenue bonds.

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds, Series 2006, were issued in the amount of \$1,180,000 on April 28, 2006 to refund the National City

Bank Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments. The bonds mature on April 1, 2046.

The Ohio Water Development Authority (OWDA) loan #3199 relates to the construction of a water tank and water sewer line project. The loan will be repaid in semi-annual installments of \$17,379 including interest over a twenty-year period. The Village borrowed \$570,210. The loan is collateralized by water receipts and income tax.

The Ohio Water Development Authority (OWDA) loan #3971 relates to the construction of the Tappan Lake Raw Water Transmission Line project. The original loan was for \$845,954 with a 2% interest rate. The loan has a maturity date of twenty years with the final payment due on July 1, 2024. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The PNC dump truck loan was issued in the amount of \$50,000. The Village will make annual payments of \$11,616 with the final payment due on March 3, 2015.

The PNC Water System Improvement Bond, Series 2006, was issued in the amount of \$250,000 for improvement to the water lines of the Village. The bond matures on April 28, 2021. The loan is collateralized by water receipts.

The Cadiz Community Improvement Corporation Loan (CIC) was issued in the amount of \$195,000 for construction of the Industrial Park waterline and water tower that is jointly conducted with Harrison County. An additional \$59,000 was added to the loan in 2009. The Village will make annual payments of \$25,000.

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

6. Debt (Continued)

The Ohio Water Development Authority (OWDA) loan #6356 relates to the replacement of the North Trunkline. The Village has borrowed \$840,545 as of 12/31/14. This project has not yet been completed; therefore no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #6645 relates to the replacement of South and Center Trunk lines. The Village has borrowed \$1,961,604 as of 12/31/14. This project has not yet been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6751 relates to the replacement deteriorated waterlines, looping, and hydrants in the Old Steubenville Pike Areas. The Village has borrowed \$379,232 as of 12/31/14. This project has not yet been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The Kansas State Bank Loan was issued in the amount of \$71,037 for the purchase of a backhoe. The Village will make annual payments of \$13,109, with the final payment due December 9, 2019.

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

Year ending December 31:	OWDA #3199	OWDA #3971	PNC Dump Truck	PNC Bond Series 2006
2015	\$34,757	\$51,528	\$11,616	\$24,716
2016	24,757	51,528		24,545
2017	34,757	51,528		24,366
2018	34,757	51,528		24,179
2019	52,137	51,528		23,984
2020-2024		257,640		23,779
2025-2029				23,566
2030-2034				
Total	<u>\$181,165</u>	<u>\$515,280</u>	<u>\$11,616</u>	<u>\$169,135</u>

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

6. Debt (Continued)

Year ending December 31:	USDA Bonds 1999	Cadiz Cic	USDA Bonds 2006	Kansas State Bank
2015	\$104,424	\$25,000	\$62,983	\$14,905
2016	104,258	25,000	62,983	14,566
2017	104,329	25,000	62,953	14,218
2018	104,424	25,000	62,991	13,859
2019	104,337	25,000	62,995	13,490
2020-2024	521,612		314,963	
2025-2029	521,746		314,937	
2030-2034	521,734		314,841	
2035-2039	521,644		314,923	
2040-2044			314,935	
2045			60,300	
Total	<u>\$2,608,508</u>	<u>\$125,000</u>	<u>\$1,949,804</u>	<u>\$71,038</u>

7. Retirement System

The Village's 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. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. 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.

VILLAGE OF CADIZ
HARRISON COUNTY

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

8. Risk Management (Continued)

This change was made 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 (the latest information available).

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

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



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 Cadiz
Harrison County
128 Court Street
Cadiz, Ohio 43907

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 Cadiz, Harrison 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 5, 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies 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 a certain deficiency in internal control that we consider a material weakness.

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. We consider Finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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 5, 2015

**VILLAGE OF CADIZ
HARRISON COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-001

Material Weakness

Posting of Receipts

Sound accounting practices require the Village to maintain an accounting system that enables them to identify, assemble, analyze, classify, record and report all transactions. The Village Clerk/Treasurer did not correctly post all receipts and disbursements in 2013 and 2014. This was attributed to the Village Clerk not abiding by the adopted chart of accounts. These mispostings resulted in the following reclassifications and adjustments which are reflected in the accompanying financial statements.

Fund	Amount	Account	Description
2013			
Adjustment			
Equipment Fund	\$71,037	Capital Outlay/Loan Proceeds	To record debt proceeds not booked by the Village
Reclassification			
EPA Principal Forgiveness (5704)	\$983,113	Intergovernmental revenue	Posted as Other Debt Proceeds
EPA Loan (5722)	\$120,058	Debt Proceeds	Posted as intergovernmental
2014			
Adjustment			
General	\$8,138	Intergovernmental Revenue/	To adjust for homestead/rollback posted to Street and State Highway funds
Reclassification			
General (1000)	\$164,419	Special Item/Extraordinary Item	Incorrectly posted to extraordinary item.
Old Steubenville Pike	\$370,108	Debt Proceeds	Incorrectly posted to intergovernmental
South & Center Trunkline	\$704,051	Intergovernmental Revenue	Incorrectly posted to other debt proceeds
EPA Loan	\$764,581	Debt Proceeds	Incorrectly posted to intergovernmental

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance related legal and contractual requirements.

VILLAGE OF CADIZ
HARRISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

The Village Clerk/Treasurer should maintain the accounting system to help enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

Official's Response: 2013 Adjustments – Equipment Fund \$71,037 – This was an over site at end of the year. In the future, the clerk will abide by Chart of Accounts. Reclassifications – EPA principal forgiveness \$983,113 and EPA Loan \$120,058 – Both of them were one-half loan and one-half grant, no way to know which one tell end of the project. EPA kept adding things for the Village to do and added to the grant. Asked the Auditor and they said it could be either one.

2014 Adjustments – General \$8,138 – Posting error/over site and I will abide by Chart of Accounts in the future. Reclassifications – General \$164,419 – I felt this was an extraordinary item. We will not get this revenue again. Posting Error – Old Steubenville Pike \$370,108, S & Center Trunk \$704,051 and EPA Loan \$764,581 – Both of them were one-half loan and one-half grant and no way to know which one till end of project. EPA kept adding things for the Village to do and added to the grant. Asked Auditor and they said could be either one. In the future on all loans, I will ask the auditor for advice on how to record correctly to ensure compliance.

**VILLAGE OF CADIZ
HARRISON 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>
2012-01	Ohio Rev. Code § 5705.41(D) Expenditure Certification	No	Reissued in the Management Letter
2012-02	Coding and classifying Receipts and Expenditures	No	Reissued as Finding 2014-001
2012-03	Accurate Bank Reconciliations	No	Reissued in the Management Letter

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VILLAGE OF CADIZ

HARRISON 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 19, 2015