



**Auditor of State  
Betty Montgomery**



VILLAGE OF CALEDONIA  
MARION COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

June 30, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$57,396	\$4,638	\$3,378	\$65,412
Intergovernmental Receipts	27,428	28,921	421	56,770
Charges for Services	4,360	0	0	4,360
Fines, Licenses, and Permits	6,581	0	0	6,581
Earnings on Investments	5,684	179	0	5,863
Miscellaneous	29	0	0	29
<b>Total Cash Receipts</b>	<u>101,478</u>	<u>33,738</u>	<u>3,799</u>	<u>139,015</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	18,949	0	0	18,949
Leisure Time Activities	7,529	0	0	7,529
Community Environment	306	0	0	306
Transportation	1,803	23,954	0	25,757
General Government	40,911	0	0	40,911
Capital Outlay	0	0	1,464	1,464
<b>Total Cash Disbursements</b>	<u>69,498</u>	<u>23,954</u>	<u>1,464</u>	<u>94,916</u>
<b>Total Receipts Over Disbursements</b>	<u>31,980</u>	<u>9,784</u>	<u>2,335</u>	<u>44,099</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-Out	(5,302)	0	0	(5,302)
<b>Total Other Financing (Disbursements)</b>	<u>(5,302)</u>	<u>0</u>	<u>0</u>	<u>(5,302)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	26,678	9,784	2,335	38,797
Fund Cash Balances, January 1	42,582	21,943	3,596	68,121
<b>Fund Cash Balances, December 31</b>	<u><b>\$69,260</b></u>	<u><b>\$31,727</b></u>	<u><b>\$5,931</b></u>	<u><b>\$106,918</b></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  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$144,014
Total Operating Cash Receipts	144,014
<b>Operating Cash Disbursements:</b>	
Personal Services	2,985
Fringe Benefits	336
Contractual Services	54,076
Supplies and Materials	3,049
Capital Outlay	2,000
Total Operating Cash Disbursements	62,446
Operating Income	81,568
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	43,398
Interest	348
Total Non-Operating Cash Receipts	43,746
<b>Non-Operating Cash Disbursements:</b>	
Debt Service - Principal	42,114
Debt Service - Interest	58,664
Total Non-Operating Cash Disbursements	100,778
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	24,536
Transfers-In	60,590
Transfers-Out	(55,288)
Net Receipts Over Disbursements	29,838
Fund Cash Balances, January 1	404,543
<b>Fund Cash Balances, December 31</b>	<b>\$434,381</b>

*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, 2002**

**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, sewer utilities, 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**

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.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

**VILLAGE OF CALEDONIA  
MARION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects 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 projects 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 charges for services from residents to cover the cost of providing this utility.

*Enterprise 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.

**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 or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF CALEDONIA  
MARION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**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:

	<b>2002</b>
Demand deposits	\$357,469
STAR Ohio	183,830
Total deposits and investments	\$541,299

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

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

<b>2002 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$111,823	\$101,478	(\$10,345)
Special Revenue	29,788	33,738	3,950
Capital Projects	3,747	3,799	52
Enterprise	189,065	248,350	59,285
Total	\$334,423	\$387,365	\$52,942

**VILLAGE OF CALEDONIA  
MARION COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,684	\$74,800	\$26,884
Special Revenue	36,500	23,954	12,546
Capital Projects	7,200	1,464	5,736
Enterprise	297,728	218,512	79,216
Total	\$443,112	\$318,730	\$124,382

**4. PROPERTY TAX**

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

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.

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (1997)	\$409,968	4.04%
Ohio Public Works Commission (Sewer) (2000)	135,000	0.00%
Ohio Public Works Commission (Drains) (2000)	29,741	0.00%
Sanitary Sewer System Mort. Bonds (1997)	820,000	5.00%
Total	\$1,394,709	

The Ohio Water Development Authority (OWDA) 1997 loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$526,500 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$19,314, including interest, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF CALEDONIA  
MARION COUNTY**

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

**5. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) 2000 loan relates to the sewer plant construction project. 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. The loan, relating to storm drain construction, will be repaid in semiannual installments of \$850, interest-free, over 20 years.

The Sanitary Sewer Mortgage Revenue Bonds 1997 relate to the sewer plant construction. The bonds were issued on behalf of the Village by the United States Department of Agriculture-Rural 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:

	OWDA Loan	OPWC Loan (Sewer)	OPWC Loan (Drains)	Sanitary Sewer Rev. Bonds
Year ending December 31:				
2003	\$38,628	\$10,000	\$1,700	\$50,000
2004	38,628	10,000	1,700	49,550
2005	38,628	10,000	1,700	50,100
2006	38,628	10,000	1,700	50,600
2007	38,628	10,000	1,700	50,050
Subsequent	347,652	85,000	21,240	1,502,600
Total	<u>\$540,792</u>	<u>\$135,000</u>	<u>\$29,740</u>	<u>\$1,752,900</u>

**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 2002 members of PERS contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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, 2002, and have issued our report thereon dated June 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 30, 2003.

**Internal Control Over Financial Reporting**

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

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

June 30, 2003





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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  
SEPTEMBER 9, 2003**