

**VILLAGE OF CADIZ**

**AUDIT REPORT**

**JANUARY 1, 2017 - DECEMBER 31, 2018**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Cadiz  
128 Court St  
Cadiz, OH 43907

We have reviewed the *Independent Auditors' Report* of the Village of Cadiz, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Cadiz is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 19, 2019

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**VILLAGE OF CADIZ  
HARRISON COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 of the cash balances, receipts and disbursements by fund type and related notes of the Village of Cadiz, Harrison County, as of and for the years ended December 31, 2018 and 2017.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of 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 opinions.

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

As described in Note 2 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, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 of Cadiz as of December 31, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type and the related notes of Village of Cadiz, Harrison County as of December 31, 2018 and 2017, 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 2.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2019, on our consideration of the Village of Cadiz'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.

***Wilson, Phillips & Agin, CPA's, Inc.***

Zanesville, Ohio

May 7, 2019



**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <u>Governmental Fund Types</u> |                            |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts</b>                                  |                                |                            |                             |   |
| Property Tax and Other Local Taxes                    | \$ 185,593                     | \$ 17,059                  | \$ -                        | \$ 202,652                              |
| Municipal Income Tax                                  | 1,185,562                      | 62,398                     | -                           | 1,247,960                               |
| Intergovernmental Receipts                            | 33,404                         | 155,230                    | -                           | 188,634                                 |
| Special Assessments                                   | 16,969                         | -                          | -                           | 16,969                                  |
| Charges for Services                                  | 375,903                        | -                          | 2,341                       | 378,244                                 |
| Fines, Licenses, and Permits                          | 60,677                         | 36                         | -                           | 60,713                                  |
| Earnings on Investments                               | 18,930                         | 255                        | -                           | 19,185                                  |
| Miscellaneous   | 295,060                        | 154,421                    | 4,079                       | 453,560                                 |
| <b>Total Cash Receipts</b>                            | <u>2,172,098</u>               | <u>389,399</u>             | <u>6,420</u>                | <u>2,567,917</u>                        |
| <b>Cash Disbursements</b>                             |                                |                            |                             |   |
| Current:  |                                |                            |                             |   |
| Security of Persons and Property                      | 776,238                        | 1,590                      | -                           | 777,828                                 |
| Public Health Services                                | 43,622                         | -                          | -                           | 43,622                                  |
| Leisure Time Activities                               | 362,624                        | -                          | 2,301                       | 364,925                                 |
| Community Environment                                 | 134,883                        | 129,938                    | -                           | 264,821                                 |
| Basic Utility Services                                | 22,439                         | -                          | -                           | 22,439                                  |
| Transportation  | 370,652                        | 174,518                    | -                           | 545,170                                 |
| General Government                                    | 671,285                        | 5,148                      | -                           | 676,433                                 |
| Capital Outlay  | 919,866                        | 45,555                     | -                           | 965,421                                 |
| Debt Service:   |                                |                            |                             |   |
| Principal   | 23,263                         | 29,681                     | -                           | 52,944                                  |
| Interest and Fiscal Charges                           | 3,067                          | 9,092                      | -                           | 12,159                                  |
| <b>Total Cash Disbursements</b>                       | <u>3,327,939</u>               | <u>395,522</u>             | <u>2,301</u>                | <u>3,725,762</u>                        |
| <b>Excess of Receipts Over (Under) Disbursements</b>  | <u>(1,155,841)</u>             | <u>(6,123)</u>             | <u>4,119</u>                | <u>(1,157,845)</u>                      |
| <b>Other Financing Receipts/(Disbursements)</b>       |                                |                            |                             |   |
| Sale of Assets  | -                              | -                          | -                           | -                                       |
| Other Debt Proceeds                                   | -                              | -                          | -                           | -                                       |
| Other Financing Sources                               | 43,167                         | -                          | 1,650                       | 44,817                                  |
| Other Financing Uses                                  | -                              | -                          | -                           | -                                       |
| <b>Total Other Financing Receipts/(Disbursements)</b> | <u>43,167</u>                  | <u>-</u>                   | <u>1,650</u>                | <u>44,817</u>                           |
| <b>Net Change in Fund Cash Balance</b>                | <u>(1,112,674)</u>             | <u>(6,123)</u>             | <u>5,769</u>                | <u>(1,113,028)</u>                      |
| <b>Fund Cash Balances, January 1, restated</b>        | <u>1,772,638</u>               | <u>592,639</u>             | <u>34,333</u>               | <u>2,399,610</u>                        |
| <b>Fund Cash Balances, December 31</b>                |                                |                            |                             |   |
| Restricted  | -                              | 275,224                    | 40,102                      | 315,326                                 |
| Committed   | -                              | 311,292                    | -                           | 311,292                                 |
| Assigned  | 164,419                        | -                          | -                           | 164,419                                 |
| Unassigned (Deficit)                                  | 495,545                        | -                          | -                           | 495,545                                 |
| <b>Fund Cash Balances, December 31</b>                | <u>\$ 659,964</u>              | <u>\$ 586,516</u>          | <u>\$ 40,102</u>            | <u>\$ 1,286,582</u>                     |

See notes to financial statements.

**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, 2018**

|  | <u>Proprietary<br/>Fund Type<br/>Enterprise</u> | <u>Fiduciary<br/>Fund Type<br/>Agency</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|---|---|---|
| <b>Operating Cash Receipts:</b>                          |   |   |   |
| Charges for Services                                     | \$ 1,993,135                                    | \$ -                                      | \$ 1,993,135                            |
| <b>Total Operating Cash Receipts</b>                     | <u>1,993,135</u>                                | <u>-</u>                                  | <u>1,993,135</u>                        |
| <b>Operating Cash Disbursements:</b>                     |   |   |   |
| Personal Services  | 424,307   | -   | 424,307                                 |
| Fringe Benefits  | 262,464   | 665                                       | 263,129                                 |
| Contractual Services                                     | 956,704   | 136,844                                   | 1,093,548                               |
| Supplies and Materials                                   | 304,984   | -   | 304,984                                 |
| Other  | 19,340  | -   | 19,340                                  |
| <b>Total Operating Cash Disbursements</b>                | <u>1,967,799</u>                                | <u>137,509</u>                            | <u>2,105,308</u>                        |
| Operating Income/(Loss)                                  | <u>25,336</u>                                   | <u>(137,509)</u>                          | <u>(112,173)</u>                        |
| <b>Non-Operating Cash Receipts (Disbursements):</b>      |   |   |   |
| Intergovernmental  | 698,662   | -   | 698,662                                 |
| Special Assessments                                      | 1,500   | -   | 1,500                                   |
| Other Debt Proceeds                                      | 1,612,469                                       | -   | 1,612,469                               |
| Sale of Fixed Assets                                     | -   | 446,020                                   | 446,020                                 |
| Miscellaneous  | 106   | 130,086                                   | 130,192                                 |
| Capital Outlay   | (1,880,890)                                     | -   | (1,880,890)                             |
| Principal Retirement                                     | (345,946)                                       | -   | (345,946)                               |
| Interest and Other Charges                               | (156,102)                                       | -   | (156,102)                               |
| Other Financing Sources                                  | 58,832  | 72,271                                    | 131,103                                 |
| <b>Total Non-Operating Cash Receipts (Disbursements)</b> | <u>(11,369)</u>                                 | <u>648,377</u>                            | <u>637,008</u>                          |
| <b>Net Receipts Over/(Under) Disbursements</b>           | <u>13,967</u>                                   | <u>510,868</u>                            | <u>524,835</u>                          |
| <b>Fund Cash Balances, January 1, restated</b>           | <u>1,445,993</u>                                | <u>321,672</u>                            | <u>1,767,665</u>                        |
| <b>Fund Cash Balances, December 31</b>                   | <u>\$ 1,459,960</u>                             | <u>\$ 832,540</u>                         | <u>\$ 2,292,500</u>                     |

See notes to financial statements.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**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 general government, including 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 public entity risk pool. Note 7 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific 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 license tax money for constructing, maintaining, and repairing Village streets.

**Street Paving Fund** - This fund receives income tax monies to provide for street paving.

**Equipment Fund** - This fund receives income tax monies to be used to purchase necessary equipment.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**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 Funds:

**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.

**Enterprise Funds**

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

**Water 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.

**Sewer Surcharge Fund** – This fund receives a portion of sewer revenues to cover sewer service costs.

**Water Debt Service Fund** – This fund receives a portion of water revenues to pay the debt service on various projects.

**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.

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

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

**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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

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

A summary 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

***Property, Plant, and Equipment***

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

***Accumulated Leave***

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

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

**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.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**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 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 ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

| <b>2018 Budgeted vs. Actual Receipts</b> |                              |                            |                     |
|--|------------------------------|----------------------------|---------------------|
| <u>Fund Type</u>                         | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>     |
| General                                  | \$ 2,221,711                 | \$ 2,215,265               | \$ (6,446)          |
| Special Revenue                          | 434,063                      | 389,399                    | (44,664)            |
| Capital Projects                         | 13,041                       | 8,070                      | (4,971)             |
| Enterprise                               | 5,283,436                    | 4,364,704                  | (918,732)           |
| Total                                    | <u>\$ 7,952,251</u>          | <u>\$ 6,977,438</u>        | <u>\$ (974,813)</u> |

| <b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                    |                                   |                  |
|--|------------------------------------|-----------------------------------|------------------|
| <u>Fund Type</u>   | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>  |
| General  | \$ 3,504,142                       | \$ 3,492,358                      | \$ 11,784        |
| Special Revenue  | 398,020                            | 395,522                           | 2,498            |
| Capital Projects   | 2,301                              | 2,301                             | -                |
| Enterprise   | 4,365,183                          | 4,350,737                         | 14,446           |
| Total  | <u>\$ 8,269,646</u>                | <u>\$ 8,240,918</u>               | <u>\$ 28,728</u> |

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

**4. 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:

|                                |                     |
|--------------------------------|---------------------|
|                                | 2018                |
| Demand Deposits                | \$ 2,624,995        |
| Certificates of Deposit        | 489,493             |
| Total Deposits                 | <u>3,114,488</u>    |
| STAR Ohio                      | 464,594             |
| Total Investments              | <u>464,594</u>      |
| Total Deposits and Investments | <u>\$ 3,579,082</u> |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**Investments:** 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, 2018**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by 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.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.0 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 sum 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 (35%) for the construction and reconstruction for water and sewer projects as needed.

**7. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.



**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**7. RISK MANAGEMENT (Continued)**

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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*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, 2017 (latest information available).

|                   |                     |
|-------------------|---------------------|
|                   | 2017                |
| Assets            | <u>\$14,853,620</u> |
| Liabilities       | <u>(9,561,108)</u>  |
| Retained Earnings | <u>\$ 5,292,512</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

*Ohio Police and Fire Retirement*

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2018.

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2018 was as follows:

|                        | 2018                |           |
|------------------------|---------------------|-----------|
|                        | <u>Principal</u>    | <u>%</u>  |
| USDA Bonds 1999        | \$ 1,398,600        | 4.50      |
| USDA Bonds 2006        | 1,005,600           | 4.38      |
| OWDA 3199              | 51,110              | 2.00      |
| OWDA 3971              | 289,976             | 2.00      |
| OWDA 6356              | 698,175             | 1.00      |
| OWDA 6645              | 2,324,681           | 1.00      |
| OWDA 6751              | 465,515             | 2.00      |
| OWDA 7142              | 152,654             | 3.42      |
| OWDA 7522              | 403,083             | 2.80-3.58 |
| OWDA 7660              | 811,756             | 1.00      |
| OWDA 7932              | 1,061,417           | 0.00      |
| PNC- Lift Station      | 130,203             | 5.19      |
| Kansas State Bank      | 12,728              | 2.99      |
| Key Government Finance | 106,372             | 2.50      |
| Total                  | <u>\$ 8,911,870</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 Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments. The bonds mature on April 1, 2046.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT (Continued)**

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 from the Water Debt Service Fund, 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. This is repaid from the Water Debt Service Fund.

The Ohio Water Development Authority (OWDA) loan #6356 relates to the replacement of the North Trunkline. The Village has borrowed \$861,435 as of December 31, 2018. The loan will be repaid in semi-annual installments of \$25,120, including interest with final payment due July 1, 2033. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6645 relates to the replacement of South and Center Truck Lines. The Village has borrowed \$2,846,498 as of December 31, 2018. The loan will be repaid in semi-annual installments of \$78,794, including interest with final payment due July 1, 2034. The loan is collateralized by sewer receipts

The Ohio Water Development Authority (OWDA) loan #6751 relates to the replacement of deteriorated waterlines, looping, and hydrants in the Old Steubenville Pike Areas. The Village has borrowed \$524,602 as of December 31, 2018. The loan will repaid in semi-annually installments of \$11,524 from the Water Debt Service Fund, including interest with final payment due July 1, 2044. The loan is collateralized by sewer receipts

The Ohio Water Development Authority (OWDA) loan #7142 relates to an Inflow and Infiltration Study. The Village has borrowed \$168,734 as of December 31, 2018. This project has not been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7522 relates to the North Trunkline Collection System. The Village has borrowed \$456,012 as of December 31, 2018. The project has not been completed; therefore no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #7660 relates to a North Trunk Line Collection System Project. The Village has borrowed \$811,756 as of December 31, 2018. The project has not been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The PNC Loan #010-607746644-33651143 was issued in the amount of \$150,000 in November 2017 for the construction of a lift station in the north side TIF area. The Village will make monthly payments of \$2,139 from the General Fund over 7 years. The loan is collateralized by a PNC checking account.

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 from the Equipment Fund 2%, with the final payment due December 9, 2019.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT (Continued)**

The Key Government master-lease purchase agreement was issued in the amount of \$178,673 to purchase a street sweeper. The Village will make annual payments of \$26,331 from the General Fund, with a final payment of \$55,000 on October 17, 2021.

The Ohio Water Development Authority (OWDA) loan #7932 relates to a waterline replacement project. The Village has borrowed \$1,061,417 as of December 31, 2018. The project has not been completed; therefore no amortization schedule is available. The loan is collateralized by water receipts.

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

| Year      | OWDA<br>#3199 | OWDA<br>#3971 | OWDA<br>#6356 | OWDA<br>#6645 | OWDA<br>#6751 |
|-----------|---------------|---------------|---------------|---------------|---------------|
| 2019      | \$ 34,758     | \$ 51,528     | \$ 50,239     | \$ 157,588    | \$ 23,048     |
| 2020      | 17,379        | 51,528        | 50,239        | 157,588       | 23,048        |
| 2021      | -             | 51,528        | 50,239        | 157,588       | 23,048        |
| 2022      | -             | 51,528        | 50,239        | 157,588       | 23,048        |
| 2023      | -             | 51,528        | 50,239        | 157,588       | 23,048        |
| 2024-2028 | -             | 51,528        | 251,120       | 787,940       | 115,243       |
| 2029-2033 | -             | -             | 226,076       | 787,940       | 115,243       |
| 2034-2038 | -             | -             | -             | 78,794        | 115,243       |
| 2039-2043 | -             | -             | -             | -             | 115,243       |
| 2044-2048 | -             | -             | -             | -             | 23,049        |
| Total     | \$ 52,137     | \$ 309,168    | \$ 728,391    | \$ 2,442,614  | \$ 599,261    |

| Year      | Kansas<br>State | Key<br>Government | USDA<br>1999 | USDA<br>2006 | PNC<br>Lift Station |
|-----------|-----------------|-------------------|--------------|--------------|---------------------|
| 2019      | \$ 13,109       | \$ 26,331         | \$ 104,337   | \$ 62,995    | \$ 25,664           |
| 2020      | -               | 26,331            | 104,274      | 62,964       | 25,664              |
| 2021      | -               | 55,000            | 104,330      | 62,998       | 25,664              |
| 2022      | -               | -                 | 104,396      | 62,992       | 25,664              |
| 2023      | -               | -                 | 104,368      | 62,947       | 25,664              |
| 2024-2028 | -               | -                 | 521,645      | 314,954      | 23,855              |
| 2029-2033 | -               | -                 | 521,661      | 314,899      | -                   |
| 2034-2038 | -               | -                 | 521,772      | 314,941      | -                   |
| 2039-2043 | -               | -                 | 104,291      | 314,910      | -                   |
| 2044-2048 | -               | -                 | -            | 189,004      | -                   |
| Total     | \$ 13,109       | \$ 107,662        | \$ 2,191,074 | \$ 1,763,604 | \$ 152,175          |

**11. RESTATEMENT OF FUND BALANCES**

Fund balance in the General Fund has been restated for the year beginning January 1, 2018 as voided checks were added back.

|                                   |              |
|-----------------------------------|--------------|
| Fund Balance at December 31, 2017 | \$ 1,772,087 |
| Adjustments                       | 551          |
| Fund Balance at January 1, 2018   | \$ 1,772,638 |

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <u>Governmental Fund Types</u> |                            |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts</b>                                  |                                |                            |                             |   |
| Property Tax and Other Local Taxes                    | \$ 168,556                     | \$ 16,992                  | \$ -                        | \$ 185,548                              |
| Municipal Income Tax                                  | 1,103,760                      | 58,093                     | -                           | 1,161,853                               |
| Intergovernmental Receipts                            | 30,757                         | 163,191                    | -                           | 193,948                                 |
| Special Assessments                                   | 29,637                         | -                          | -                           | 29,637                                  |
| Charges for Services                                  | 322,057                        | -                          | 2,253                       | 324,310                                 |
| Fines, Licenses, and Permits                          | 63,069                         | -                          | -                           | 63,069                                  |
| Earnings on Investments                               | 9,697                          | 215                        | -                           | 9,912                                   |
| Miscellaneous   | 283,788                        | 116,499                    | 5,293                       | 405,580                                 |
| <b>Total Cash Receipts</b>                            | <u>2,011,321</u>               | <u>354,990</u>             | <u>7,546</u>                | <u>2,373,857</u>                        |
| <b>Cash Disbursements</b>                             |                                |                            |                             |   |
| Current:  |                                |                            |                             |   |
| Security of Persons and Property                      | 763,343                        | 3,054                      | -                           | 766,397                                 |
| Public Health Services                                | 36,491                         | -                          | -                           | 36,491                                  |
| Leisure Time Activities                               | 338,688                        | -                          | 3,200                       | 341,888                                 |
| Community Environment                                 | 42,227                         | 24,918                     | -                           | 67,145                                  |
| Transportation  | 285,978                        | 195,822                    | -                           | 481,800                                 |
| General Government                                    | 768,609                        | 1,752                      | -                           | 770,361                                 |
| Capital Outlay  | 207,586                        | 146,755                    | -                           | 354,341                                 |
| Debt Service:   |                                |                            |                             |   |
| Principal   | 22,707                         | 13,164                     | 21,721                      | 57,592                                  |
| Interest and Fiscal Charges                           | 3,621                          | 2,084                      | 1,169                       | 6,874                                   |
| <b>Total Cash Disbursements</b>                       | <u>2,469,250</u>               | <u>387,549</u>             | <u>26,090</u>               | <u>2,882,889</u>                        |
| <b>Excess of Receipts Over (Under) Disbursements</b>  | (457,929)                      | (32,559)                   | (18,544)                    | (509,032)                               |
| <b>Other Financing Receipts/(Disbursements)</b>       |                                |                            |                             |   |
| Sale of Assets  | 9,104                          | -                          | -                           | 9,104                                   |
| Other Debt Proceeds                                   | -                              | 150,000                    | -                           | 150,000                                 |
| Other Financing Sources                               | 36,427                         | 4,251                      | 2,822                       | 43,500                                  |
| Other Financing Uses                                  | -                              | (15,419)                   | -                           | (15,419)                                |
| <b>Total Other Financing Receipts/(Disbursements)</b> | <u>45,531</u>                  | <u>138,832</u>             | <u>2,822</u>                | <u>187,185</u>                          |
| <b>Net Change in Fund Cash Balance</b>                | (412,398)                      | 106,273                    | (15,722)                    | (321,847)                               |
| <b>Fund Cash Balances, January 1, restated</b>        | <u>2,184,485</u>               | <u>486,366</u>             | <u>50,055</u>               | <u>2,720,906</u>                        |
| <b>Fund Cash Balances, December 31</b>                |                                |                            |                             |   |
| Restricted  | -                              | 274,316                    | 34,333                      | 308,649                                 |
| Committed   | -                              | 186,387                    | -                           | 186,387                                 |
| Assigned  | 230,007                        | 131,936                    | -                           | 361,943                                 |
| Unassigned (Deficit)                                  | 1,542,080                      | -                          | -                           | 1,542,080                               |
| <b>Fund Cash Balances, December 31</b>                | <u>\$ 1,772,087</u>            | <u>\$ 592,639</u>          | <u>\$ 34,333</u>            | <u>\$ 2,399,059</u>                     |

See notes to financial statements.

**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, 2017**

|  | <u>Proprietary<br/>Fund Type<br/>Enterprise</u> | <u>Fiduciary<br/>Fund Type<br/>Agency</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|---|---|---|
| <b>Operating Cash Receipts:</b>                          |   |   |   |
| Charges for Services                                     | \$ 1,625,194                                    | \$ -                                      | \$ 1,625,194                            |
| <b>Total Operating Cash Receipts</b>                     | <u>1,625,194</u>                                | <u>-</u>                                  | <u>1,625,194</u>                        |
| <b>Operating Cash Disbursements:</b>                     |   |   |   |
| Personal Services  | 368,467   | -   | 368,467                                 |
| Fringe Benefits  | 237,530   | 728                                       | 238,258                                 |
| Contractual Services                                     | 1,316,753                                       | 179,886                                   | 1,496,639                               |
| Supplies and Materials                                   | 250,045   | 101                                       | 250,146                                 |
| <b>Total Operating Cash Disbursements</b>                | <u>2,172,795</u>                                | <u>180,715</u>                            | <u>2,353,510</u>                        |
| Operating Income/(Loss)                                  | <u>(547,601)</u>                                | <u>(180,715)</u>                          | <u>(728,316)</u>                        |
| <b>Non-Operating Cash Receipts (Disbursements):</b>      |   |   |   |
| Intergovernmental  | 117,895   | -   | 117,895                                 |
| Special Assessments                                      | 1,500   | -   | 1,500                                   |
| Other Debt Proceeds                                      | 1,150,190                                       | -   | 1,150,190                               |
| Sale of Fixed Assets                                     | -   | 1   | 1                                       |
| Miscellaneous  | 26,200  | 247,404                                   | 273,604                                 |
| Capital Outlay   | (757,343)                                       | (78,714)                                  | (836,057)                               |
| Principal Retirement                                     | (265,797)                                       | -   | (265,797)                               |
| Interest and Other Charges                               | (158,028)                                       | -   | (158,028)                               |
| Other Financing Sources                                  | 98,815  | 288,128                                   | 386,943                                 |
| <b>Total Non-Operating Cash Receipts (Disbursements)</b> | <u>213,432</u>                                  | <u>456,819</u>                            | <u>670,251</u>                          |
| <b>Net Receipts Over/(Under) Disbursements</b>           | <u>(334,169)</u>                                | <u>276,104</u>                            | <u>(58,065)</u>                         |
| <b>Fund Cash Balances, January 1, restated</b>           | <u>1,780,162</u>                                | <u>45,568</u>                             | <u>1,825,730</u>                        |
| <b>Fund Cash Balances, December 31</b>                   | <u>\$ 1,445,993</u>                             | <u>\$ 321,672</u>                         | <u>\$ 1,767,665</u>                     |

See notes to financial statements.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**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 general government, including 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 public entity risk pool. Note 7 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific 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 license tax money for constructing, maintaining, and repairing Village streets.

**Street Paving Fund** - This fund receives income tax monies to provide for street paving.

**Equipment Fund** - This fund receives income tax monies to be used to purchase necessary equipment.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**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 Funds:

**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.

**Enterprise Funds**

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

**Water 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.

**Sewer Surcharge Fund** – This fund receives a portion of sewer revenues to cover sewer service costs.

**Water Debt Service Fund** – This fund receives a portion of water revenues to pay the debt service on various projects.

**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.

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



**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

***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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

***Estimated Resources***

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

***Encumbrances***

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

A summary 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

***Property, Plant, and Equipment***

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

***Accumulated Leave***

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

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

**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.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**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 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 ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

| <b>2017 Budgeted vs. Actual Receipts</b> |                      |                    |                |
|--|----------------------|--------------------|----------------|
| Fund Type                                | Budgeted<br>Receipts | Actual<br>Receipts | Variance       |
| General                                  | \$ 2,220,627         | \$ 2,056,852       | \$ (163,775)   |
| Special Revenue                          | 541,813              | 509,241            | (32,572)       |
| Capital Projects                         | 14,174               | 10,368             | (3,806)        |
| Enterprise                               | 4,105,733            | 3,019,794          | (1,085,939)    |
| Total                                    | \$ 6,882,347         | \$ 5,596,255       | \$ (1,286,092) |

| <b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                            |                           |           |
|--|----------------------------|---------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General  | \$ 2,715,009               | \$ 2,699,257              | \$ 15,752 |
| Special Revenue  | 534,904                    | 534,904                   | -         |
| Capital Projects   | 26,090                     | 26,090                    | -         |
| Enterprise   | 3,408,426                  | 3,353,963                 | 54,463    |
| Total  | \$ 6,684,429               | \$ 6,614,214              | \$ 70,215 |

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

**4. 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:

|                                | 2017         |
|--------------------------------|--------------|
| Demand Deposits                | \$ 2,927,180 |
| Certificates of Deposit        | 489,493      |
| Total Deposits                 | 3,416,673    |
| STAR Ohio                      | 750,051      |
| Total Investments              | 750,051      |
| Total Deposits and Investments | \$ 4,166,724 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**Investments:** 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, 2017**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by 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.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.0 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 sum 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 (35%) for the construction and reconstruction for water and sewer projects as needed.

**7. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**7. RISK MANAGEMENT (Continued)**

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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*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, 2017.

|                   |                     |
|-------------------|---------------------|
|                   | 2017                |
| Assets            | <u>\$14,853,620</u> |
| Liabilities       | <u>(9,561,108)</u>  |
| Retained Earnings | <u>\$ 5,292,512</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

*Ohio Police and Fire Retirement*

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2017.

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2017 was as follows:

|                        | 2017                |           |
|------------------------|---------------------|-----------|
|                        | Principal           | %         |
| USDA Bonds 1999        | \$ 1,438,300        | 4.50      |
| USDA Bonds 2006        | 1,023,800           | 4.38      |
| OWDA 3199              | 84,346              | 2.00      |
| OWDA 3971              | 335,028             | 2.00      |
| OWDA 6356              | 719,036             | 1.00      |
| OWDA 6645              | 2,436,599           | 1.00      |
| OWDA 6751              | 479,050             | 2.00      |
| OWDA 7142              | 156,147             | 3.42      |
| OWDA 7522              | 276,853             | 2.80-3.58 |
| OWDA 7660              | 444,410             | 1.00      |
| PNC- Lift Station      | 150,000             | 5.19      |
| Kansas State Bank      | 25,087              | 2.99      |
| Key Government Finance | 129,635             | 2.50      |
| Total                  | <u>\$ 7,698,291</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 Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments. The bonds mature on April 1, 2046.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. DEBT (Continued)**

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 from the Water Debt Service Fund, 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. This is repaid from the Water Debt Service Fund.

The Ohio Water Development Authority (OWDA) loan #6356 relates to the replacement of the North Trunkline. The Village has borrowed \$861,435 as of December 31, 2017. The loan will be repaid in semi-annual installments of \$25,120, including interest with final payment due July 1, 2033. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6645 relates to the replacement of South and Center Truck Lines. The Village has borrowed \$2,846,498 as of December 31, 2017. The loan will be repaid in semi-annual installments of \$78,794, including interest with final payment due July 1, 2034. The loan is collateralized by sewer receipts

The Ohio Water Development Authority (OWDA) loan #6751 relates to the replacement of deteriorated waterlines, looping, and hydrants in the Old Steubenville Pike Areas. The Village has borrowed \$524,602 as of December 31, 2017. The loan will repaid in semi-annually installments of \$11,524 from the Water Debt Service Fund, including interest with final payment due July 1, 2044. The loan is collateralized by sewer receipts

The Ohio Water Development Authority (OWDA) loan #7142 relates to an Inflow and Infiltration Study. The Village has borrowed \$166,562 as of December 31, 2017. This project has not been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) loan #7522 relates to the North Trunkline Collection System. The Village has borrowed \$276,853 as of December 31, 2017. The project has not been completed; therefore no amortization schedule is available. The loan is collateralized by water receipts.

The Ohio Water Development Authority (OWDA) loan #7660 relates to a North Trunk Line Collection System Project. The Village has borrowed \$444,410 as of December 31, 2017. The project has not been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts.

The PNC Loan #010-607746644-33651143 was issued in the amount of \$150,000 in November 2017 for the construction of a lift station in the north side TIF area. The Village will make monthly payments of \$2,139 from the General Fund over 7 years. The loan is collateralized by a PNC checking account.

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 from the Equipment Fund 2%, with the final payment due December 9, 2019.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. DEBT (Continued)**

The Key Government master-lease purchase agreement was issued in the amount of \$178,673 to purchase a street sweeper. The Village will make annual payments of \$26,331 from the General Fund, with a final payment of \$55,000 on October 17, 2021.

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

| Year      | OWDA<br>#3199    | OWDA<br>#3971     | OWDA<br>#6356     | OWDA<br>#6645       | OWDA<br>#6751     |
|-----------|------------------|-------------------|-------------------|---------------------|-------------------|
| 2018      | \$ 34,758        | \$ 51,528         | \$ 50,239         | \$ 157,588          | \$ 23,048         |
| 2019      | 34,758           | 51,528            | 50,239            | 157,588             | 23,048            |
| 2020      | 17,379           | 51,528            | 50,239            | 157,588             | 23,048            |
| 2021      | -                | 51,528            | 50,239            | 157,588             | 23,048            |
| 2022      | -                | 51,528            | 50,239            | 157,588             | 23,048            |
| 2023-2027 | -                | 103,056           | 251,120           | 787,940             | 115,243           |
| 2028-2032 | -                | -                 | 251,120           | 787,940             | 115,243           |
| 2033-2037 | -                | -                 | -                 | 236,382             | 115,243           |
| 2038-2042 | -                | -                 | -                 | -                   | 115,243           |
| 2043-2047 | -                | -                 | -                 | -                   | 46,097            |
| Total     | <u>\$ 86,895</u> | <u>\$ 360,696</u> | <u>\$ 753,435</u> | <u>\$ 2,600,202</u> | <u>\$ 622,309</u> |

| Year      | Kansas<br>State  | Key<br>Government | USDA<br>1999        | USDA<br>2006        | PNC<br>Lift Station |
|-----------|------------------|-------------------|---------------------|---------------------|---------------------|
| 2018      | \$ 13,109        | \$ 26,331         | \$ 104,424          | \$ 62,991           | \$ 25,664           |
| 2019      | 13,109           | 26,331            | 104,337             | 62,995              | 25,664              |
| 2020      | -                | 26,330            | 104,274             | 62,964              | 25,664              |
| 2021      | -                | 55,000            | 104,330             | 62,998              | 25,664              |
| 2022      | -                | -                 | 104,396             | 62,992              | 49,519              |
| 2023-2027 | -                | -                 | 521,700             | 314,936             | -                   |
| 2028-2032 | -                | -                 | 521,708             | 314,966             | -                   |
| 2033-2037 | -                | -                 | 521,644             | 314,897             | -                   |
| 2038-2042 | -                | -                 | 208,684             | 314,939             | -                   |
| 2033-2043 | -                | -                 | -                   | 251,918             | -                   |
| Total     | <u>\$ 26,218</u> | <u>\$ 133,992</u> | <u>\$ 2,295,497</u> | <u>\$ 1,826,596</u> | <u>\$ 152,175</u>   |

**11. RESTATEMENT OF FUND BALANCES**

Fund balance in the General Fund, Special Revenue Funds and Agency Funds have been restated for the year beginning January 1, 2017 as voided checks were added back and adjustments made by the fiscal officer after closing books:

|                                   | General             | Special<br>Revenue | Agency           |
|-----------------------------------|---------------------|--------------------|------------------|
| Fund Balance at December 31, 2016 | \$ 2,184,385        | \$ 487,670         | \$ 44,264        |
| Adjustments                       | 100                 | (1,304)            | 1,304            |
| Fund Balance at January 1, 2017   | <u>\$ 2,184,485</u> | <u>\$ 486,366</u>  | <u>\$ 45,568</u> |



**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 general 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 as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 7, 2019, 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 of Cadiz's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 first 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 a certain deficiency in internal control over financial reporting, 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. 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 Finding 2018-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Cadiz'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-002.

***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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 7, 2019

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness**

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- There was a reclassification in the amount of \$1,165 between Principal and Interest in 2017 to properly show principal and interest paid in the Enterprise funds.
- There was a reclassification in the amount of \$2,272 between Principal and Interest in 2018 to properly show principal and interest paid in the Enterprise funds.
- There was a reclassification from Intergovernmental Receipts to Debt Proceeds of \$558,621 in 2017 for the Enterprise funds.
- There was a reclassification from Intergovernmental Receipts to Debt Proceeds of \$1,612,469 in 2018 in the Enterprise funds.
- There was a reclassification of \$164,419 and \$230,007 in the General Fund from Unassigned Fund Balance to Assigned Fund Balance for encumbrances outstanding as of December 31, 2018 and 2017, respectively. There was a reclassification of \$131,936 from the Restricted Fund balance to Assigned Fund Balance in the Special Revenue Funds in 2017 for encumbrances outstanding.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

**FINDING NUMBER 2018-002**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002 (Continued)**

There are several exceptions to the standard 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, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 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 the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village 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 reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 17% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify 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 code, to reduce available appropriations.

Client Response: We received no response from client.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2018**

| Finding Number | Finding Summary   | Fully Corrected | Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid;<br><b>Explain:</b> |
|----------------|---|-----------------|--|
| 2016-001       | Material Weakness<br>Receipt postings and other reclasses       | No              | Not Corrected:<br>Repeated as Finding 2018-001   |
| 2016-002       | ORC 5705.41(D)<br>Expenditures made without prior certification | No              | Not Corrected:<br>Repeated as Finding 2018-002   |

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
SEPTEMBER 3, 2019**