



VILLAGE OF KALIDA
PUTNAM COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2022	6
Notes to the Financial Statements For the Year Ended December 31, 2022	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021	16
Notes to the Financial Statements For the Year Ended December 31, 2021	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	31

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Village of Kalida
Putnam County
205 West Main Street
P.O. Box 495
Kalida, Ohio 45853-0495

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Kalida, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2023

This page intentionally left blank.

Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$147,923	\$24,554			\$172,477
Municipal Income Tax	653,063		\$110,606		763,669
Intergovernmental	56,691	1,499,993		\$222,410	1,779,094
Charges for Services	84,379				84,379
Fines, Licenses and Permits	2,408				2,408
Earnings on Investments	8,992	52			9,044
Miscellaneous	43,392	25,413			68,805
Total Cash Receipts	996,848	1,550,012	110,606	222,410	2,879,876
Cash Disbursements					
Current:					
Security of Persons and Property	77,197	113,308			190,505
Public Health Services		47,970			47,970
Leisure Time Activities	6,000	29,059			35,059
Transportation		13,281			13,281
General Government	503,044	596			503,640
Capital Outlay	174,065	1,061,070		1,421,212	2,656,347
Debt Service:					
Principal Retirement	64,258				64,258
Interest and Fiscal Charges			12,239	9,825	22,064
Total Cash Disbursements	824,564	1,265,284	12,239	1,431,037	3,533,124
Excess of Receipts Over (Under) Disbursements	172,284	284,728	98,367	(1,208,627)	(653,248)
Other Financing Receipts (Disbursements)					
Loans Issued				835,398	835,398
Sale of Capital Assets				35,000	35,000
Transfers In				125,251	125,251
Transfers Out	(125,251)				(125,251)
Total Other Financing Receipts (Disbursements)	(125,251)			995,649	870,398
Net Change in Fund Cash Balances	47,033	284,728	98,367	(212,978)	217,150
Fund Cash Balances, January 1	517,527	271,341		247,978	1,036,846
Fund Cash Balances, December 31	\$564,560	\$556,069	\$98,367	\$35,000	\$1,253,996

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

Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$418,798
Operating Cash Disbursements	
Personal Services	138,451
Fringe Benefits	62,212
Contractual Services	123,210
Supplies and Materials	66,555
<i>Total Operating Cash Disbursements</i>	390,428
<i>Operating Income</i>	28,370
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	343,217
Capital Outlay	(185,018)
Principal Retirement	(6,216)
<i>Total Non-Operating Receipts (Disbursements)</i>	151,983
<i>Net Change in Fund Cash Balances</i>	180,353
<i>Fund Cash Balances, January 1</i>	1,480,602
<i>Fund Cash Balances, December 31</i>	\$1,660,955

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Kalida, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 8 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.

Note 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 balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all 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:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Parks and Recreation Fund The Parks and Recreation Fund accounts for and reports proceeds from a grant from the Ohio Public Works Commission for the Village's park walking path and creek stabilization project and park rental income to assist in funding this project.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Other Debt Service Fund The Other Debt Service Fund accounts for and reports a portion of revenues derived from the Village's one percent income tax that are used to repay the promissory note for the Village's new Town Hall.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Capital Projects Fund The Capital Projects Fund accounts for and reports proceeds from a grant/loan from the Ohio Public Works Commission for the Third Street reconstruction project as well as transfers from the General Fund.

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

Water Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Enterprise Improvement Fund The Enterprise Improvement Fund accounts for a portion of revenues derived from the Village's one percent income tax to fund water and sewer related projects.

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 Section 117-2-03 (C). 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 Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund 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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Capital Assets

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

Accumulated Leave

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

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* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Parks and Recreation, Other Debt Service, Capital Projects, Sewer Operating, and Enterprise Improvement Funds in the amounts of \$479,523, \$549,851, \$12,239, \$1,176,679, \$21,511, and \$106,041, respectively. Also contrary to Ohio law, appropriations exceeded the amount certified as available by the budget commission in the Parks and Recreation Fund in the amount of \$444,054. In addition, contrary to Village Ordinance, monies due from a prior audit period were not transferred to the Water Tower Maintenance Fund as required.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$854,249	\$996,848	\$142,599
Special Revenue	228,618	1,550,012	1,321,394
Debt Service		110,606	110,606
Capital Projects	150,000	1,218,059	1,068,059
Enterprise	779,477	762,015	(17,462)
Total	\$2,012,344	\$4,637,540	\$2,625,196

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$473,722	\$953,245	(\$479,523)
Special Revenue	691,418	1,266,366	(574,948)
Debt Service		12,239	(12,239)
Capital Projects	254,358	1,431,037	(1,176,679)
Enterprise	460,415	584,752	(124,337)
Total	\$1,879,913	\$4,247,639	(\$2,367,726)

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2022
Demand deposits	\$77,726
Other time deposits (savings and NOW accounts)	2,725,598
Certificates of deposit	111,627
Total deposits	\$2,914,951

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited 59 percent to the General Fund 10 percent to the Other Debt Service Fund, and 31 percent to the Enterprise Improvement Fund

Note 7 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$407,900 advanced from the General Fund to the Parks and Recreation Fund to provide funding for the park walking path and creek stabilization project. In addition, the Village's Water Operating Fund owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2022 as a result of not properly allocating water collections in prior years.

Note 8 – Risk Management

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and has remained unchanged. OPRM had 773 members as of December 31, 2022.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 11 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$1,219,179	0%
Promissory Note - Village Hall Construction	835,000	2.5%
Total	\$2,054,179	

Ohio Public Works Commission Loans

The Ohio Public Works Commission (OPWC) loans relate to a sanitary sewer lift station replacement, sewer force main replacement, Front, Plum, and Second Streets sewer improvements, Ralph and Dray Streets storm sewer improvements, and Fifth Street and Walnut Drive reconstructions. The loans will be repaid in semiannual installments over terms ranging from 20 to 30 years.

On July 1, 2020, the Village entered into an agreement with OPWC for the Third Street reconstruction project. The Village may draw a total of \$125,000, and as of December 31, 2022, the Village has drawn \$70,996.

Promissory Note

On December 29, 2021, the Village obtained a promissory note totaling \$835,000 at an interest rate of 2.5 percent through The Union Bank Company for the purpose of constructing a new Village Town Hall. The Village Council approved to reallocate 10 percent of the Village’s income tax revenues to the Debt Service Fund to repay this note. Starting in 2023, the Village will remit monthly payments of \$7,885 over a 10 year period to repay the note.

Amortization

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

Year Ending December 31:	OPWC Loans	Promissory Note	Total
2023	\$74,024	\$88,533	\$162,557
2024	74,024	94,621	168,645
2025	74,024	94,621	168,645
2026	74,024	94,621	168,645
2027	74,024	94,621	168,645
2028-2032	370,118	473,104	843,222
2033-2037	324,460	7,885	332,345
2038-20422	142,152		142,152
2043-2047	12,329		12,329
Total	\$1,219,179	\$948,006	\$2,167,185

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 12 – Interfund Transfers

During 2022, the following transfers were made:

Fund	Amount
General Fund Transfer Out to:	
Capital Projects Fund	\$125,251

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$3,430	\$1,082	\$4,512

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Debt Service and Capital Projects Funds are committed. These restricted and committed amounts in the Special Revenue, Debt Service, and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 14 – Subsequent Events

In August 2023, the Village received an Ohio Public Works Commission (OPWC) grant for \$1,398,883 for the Riverbend Nature Landing project.

In July 2023, the Village received an OPWC grant and loan totaling \$330,000 for the Oak Parkway Improvements project.

In July 2023, the Village received an OPWC grant and loan totaling \$499,999 for the Northland Drive Improvements project.

Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$134,464	\$21,021		\$155,485
Municipal Income Tax	563,906			563,906
Intergovernmental	66,069	923,565	\$125,000	1,114,634
Charges for Services	617,777			617,777
Fines, Licenses and Permits	1,305			1,305
Earnings on Investments	2,288	125		2,413
Miscellaneous	63,756	14,132		77,888
<i>Total Cash Receipts</i>	<u>1,449,565</u>	<u>958,843</u>	<u>125,000</u>	<u>2,533,408</u>
Cash Disbursements				
Current:				
Security of Persons and Property	71,705	111,245		182,950
Public Health Services		119,735		119,735
Leisure Time Activities	6,000	44,740		50,740
Transportation		21,320		21,320
General Government	387,887	481		388,368
Capital Outlay	578,079	1,230,254	435,470	2,243,803
Debt Service:				
Principal Retirement	45,475	20,000		65,475
<i>Total Cash Disbursements</i>	<u>1,089,146</u>	<u>1,547,775</u>	<u>435,470</u>	<u>3,072,391</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>360,419</u>	<u>(588,932)</u>	<u>(310,470)</u>	<u>(538,983)</u>
Other Financing Receipts (Disbursements)				
Loans Issued			70,598	70,598
Transfers In		7,803	75,000	82,803
Transfers Out	(82,803)			(82,803)
Advances In	42,000	434,900		476,900
Advances Out	(434,900)	(27,000)		(461,900)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(475,703)</u>	<u>415,703</u>	<u>145,598</u>	<u>85,598</u>
<i>Net Change in Fund Cash Balances</i>	<u>(115,284)</u>	<u>(173,229)</u>	<u>(164,872)</u>	<u>(453,385)</u>
<i>Fund Cash Balances, January 1</i>	<u>632,811</u>	<u>444,570</u>	<u>412,850</u>	<u>1,490,231</u>
<i>Fund Cash Balances, December 31</i>	<u>\$517,527</u>	<u>\$271,341</u>	<u>\$247,978</u>	<u>\$1,036,846</u>

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

Village of Kalida
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$405,455
Operating Cash Disbursements	
Personal Services	124,387
Fringe Benefits	67,126
Contractual Services	55,325
Supplies and Materials	63,872
<i>Total Operating Cash Disbursements</i>	310,710
<i>Operating Income</i>	94,745
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	392,555
Capital Outlay	(102,564)
Principal Retirement	(4,999)
<i>Total Non-Operating Receipts (Disbursements)</i>	284,992
<i>Income Before Advances</i>	379,737
Advances Out	(15,000)
<i>Net Change in Fund Cash Balances</i>	364,737
<i>Fund Cash Balances, January 1</i>	1,115,865
<i>Fund Cash Balances, December 31</i>	\$1,480,602

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Kalida, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 8 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.

Note 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 balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all 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:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Parks and Recreation Fund The Parks and Recreation Fund accounts for and reports proceeds from a grant from the Ohio Public Works Commission for the Village's park walking path and creek stabilization project and park rental income to assist in funding this project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Projects Fund The Capital Projects Fund accounts for and reports proceeds from a grant/loan from the Ohio Public Works Commission for the Third Street reconstruction project as well as transfers from the General Fund.

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Water Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 Section 117-2-03 (C). 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 Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

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

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks and Recreation Fund in the amount \$1,069,115. Also contrary to Ohio law, appropriations exceeded the amount certified as available by the budget commission in the Capital Projects Fund in the amount of \$183,198. In addition, contrary to Ohio Rev. Code § 5705.10, the Village recorded grant receipts and disbursements in the wrong fund. Lastly, contrary to Village Ordinance, monies due from a prior audit period were not transferred to the Water Tower Maintenance Fund as required.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$850,212	\$1,449,565	\$599,353
Special Revenue	261,248	966,646	705,398
Capital Projects		270,598	270,598
Enterprise	776,477	798,010	21,533
Total	<u>\$1,887,937</u>	<u>\$3,484,819</u>	<u>\$1,596,882</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,202,716	\$1,177,160	\$25,556
Special Revenue	428,046	1,549,668	(1,121,622)
Capital Projects	596,048	435,470	160,578
Enterprise	1,872,518	422,719	1,449,799
Total	<u>\$4,099,328</u>	<u>\$3,585,017</u>	<u>\$514,311</u>

The General and Special Revenue Funds actual receipts will be lower on the budgetary statement in the amounts of \$42,000 and \$434,900, respectively, and the General, Special Revenue, and Enterprise Funds disbursements will be lower on the budgetary statement in the amounts of \$434,900, \$27,000, and \$15,000, respectively, due to advances not being budgeted by the Village.

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	<u>2021</u>
Demand deposits	\$457,546
Other time deposits (savings and NOW accounts)	1,983,275
Certificates of deposit	76,627
Total deposits	<u>\$2,517,448</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited 59 percent to the General Fund and 41 percent to the Enterprise Improvement Fund

Note 7 – Interfund Balances

During 2021, the Village advanced \$434,900 from the General Fund to the Parks and Recreation Fund. In addition, the Parks and Recreation and Water Operating Funds advanced \$27,000 and \$15,000, respectively, to the General Fund.

Outstanding advances at December 31, 2021, consisted of \$407,900 advanced from the General Fund to the Parks and Recreation Fund to provide funding for the park walking path and creek stabilization project. In addition, the Village's Water Operating Fund owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2021 as a result of not properly allocating water collections in prior years.

Note 8 – Risk Management

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 Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60 percent and 70 percent of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent. And remained unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$1,277,705	0%
Promissory Note - Village Hall Construction	11,550	2.5%
Total	\$1,289,255	

Ohio Public Works Commission Loans

The Ohio Public Works Commission (OPWC) loans relate to a sanitary sewer lift station replacement, sewer force main replacement, Front, Plum, and Second Streets sewer improvements, Ralph and Dray Streets storm sewer improvements, and Fifth Street and Walnut Drive reconstructions. The loans will be repaid in semiannual installments over terms ranging from 20 to 30 years.

On July 1, 2020, the Village entered into an agreement with OPWC for the Third Street reconstruction project. The Village may draw a total of \$125,000, and as of December 31, 2021, the Village has drawn \$59,048. An amortization schedule is not available until the project is completed and all draws have been made.

Promissory Note

On December 29, 2021, the Village obtained a promissory note totaling \$835,000 at an interest rate of 2.5 percent through The Union Bank Company for the purpose of constructing a new Village Town Hall. At its completion, the Village will remit payments over a 10 year period to repay the note. As of December 31, 2021, the Village has drawn \$11,550. An amortization schedule is not available until the project is completed and all draws have been made.

Amortization

Amortization of the above debt is scheduled as follows:

Village of Kalida
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Year Ending December 31:	OPWC Loans
2022	\$70,474
2023	70,474
2024	70,474
2025	70,474
2026	70,474
2027-2031	352,370
2032-2036	325,594
2037-2041	173,529
2042-2046	12,328
2047	2,466
Total	\$1,218,657

Note 12 – Interfund Transfers

During 2021, the following transfers were made:

Fund	Amount
General Fund Transfer Out to:	
Parks and Recreation Fund	\$7,803
Capital Projects Fund	75,000
Total	\$82,803

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$5,211	\$1,893	\$7,104

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of the Capital Projects Fund is committed. These restricted and committed amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 14 – Subsequent Events

In July 2022, the Village accepted a bid from All Purpose Contracting in the amount of \$2,074,700 for the Wastewater Treatment Plant expansion project.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Kalida
Putnam County
205 West Main Street
P.O. Box 495
Kalida, Ohio 45853-0495

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Kalida, Putnam County, Ohio (the Village) and have issued our report thereon dated December 21, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-003 through 2022-005.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2023

VILLAGE OF KALIDA
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Noncompliance and Material Weakness – Finding for Adjustment

Village Ordinance 2010-01-01 provides that each quarter the Village is to apply \$6,250 in water collections directly to the Water Tower Maintenance Fund to be used for maintenance of the water tower. As of December 31, 2018, the Water Operating Fund owed the Water Tower Maintenance Fund \$61,964 due to errors reported in a previous audit period. As a result, the Water Operating Fund still owes the Water Tower Maintenance Fund \$61,964 as of December 31, 2022.

These errors were caused by a lack of monitoring fund activity to ensure the proper allocations are being made. Failure to properly monitor these allocations could result in funds being used for purposes not intended or authorized by Council.

Although there was \$73,945 in the Water Operating Fund as of December 31, 2022, the Village has decided not to correct this error at this time. This error has no effect on the financial statements as presented because the funds are reported within the same Enterprise Fund type.

In accordance with the foregoing facts, we hereby issue a finding for adjustment for \$61,964 from the Water Operating Fund to the Water Tower Maintenance Fund.

The Village should record the adjustment to the Village's accounting records for the amount listed above. Additionally, the Village should implement procedures and related internal controls to help ensure water collections are properly paid to the Water Tower Maintenance Fund in accordance with the Village's legislation.

Officials' Response:

Council passed Ordinance #2023-11-20 dated November 20, 2023 to forgo paying the outstanding amount to the Water Tower Maintenance Fund.

FINDING NUMBER 2022-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- In 2022, Ohio Public Works Commission on-behalf grant activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the Capital Projects and Parks and Recreation Special Revenue Funds in the amounts of \$222,410 and \$415,693, respectively.
- In 2022, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were overstated in the General and Special Revenue Funds in the amounts of \$644,809 and \$1,441,656, respectively.

- In 2022, actual receipts in the budgetary activity note to the financial statements were understated in the Debt Service and Capital Projects Funds in the amounts of \$110,885 and \$875,426, respectively, and overstated in the General and Special Revenue Funds in the amounts of \$465,306 and \$536,216, respectively.
- In 2022, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the General, Special Revenue, and Enterprise Funds in the amounts of \$473,722, \$275,725, and \$460,415, respectively.
- In 2022, budgetary expenditures in the budgetary activity note to the financial statements were understated in the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds in the amounts of \$953,245, \$850,673, \$12,239, \$1,198,404, and \$584,752, respectively.
- In 2021, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were overstated in the General, Special Revenue, and Capital Projects Funds in the amounts of \$648,846, \$1,409,026, and \$75,000, respectively.
- In 2021, actual receipts in the budgetary activity note to the financial statements were overstated in Special Revenue Fund in the amount of \$434,899.
- In 2021, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the Capital Projects and Enterprise Funds in the amounts of \$172,129 and \$1,439,246, respectively, and overstated in the General and Special Revenue Funds in the amounts of \$404,132 and \$1,238,901, respectively.
- In 2021, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the General Fund in the amount of \$429,688.
- In 2021, intergovernmental revenue and capital outlay were overstated in the Parks and Recreation Special Revenue Fund in the amount of \$92,175.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$1,082 to \$75,000. In addition to the adjustments noted above, we also identified additional misstatements in the amounts ranging from \$12,344 to \$47,970 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council, to help identify and correct errors and omissions.

Officials' Response:

Fiscal Officer has a better understanding on the procedures to prepare accurate financial statements.

FINDING NUMBER 2022-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2021, the Village inappropriately recorded \$184,048 of Ohio Public Works Commission receipts and disbursements in the Street Construction Maintenance and Repair Special Revenue Fund. Given the source of the revenue and the purpose of the disbursement, this should have been recorded in a separate Capital Projects Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting these and other immaterial misstatements ranging from \$279 to \$7,494.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

Fiscal Officer has a better understanding on the procedures to prepare accurate financial statements.

FINDING NUMBER 2022-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the following Village funds had expenditures in excess of appropriations:

- General, Parks and Recreation, Other Debt Service, Capital Projects, Sewer Operating, and Enterprise Improvement Funds in the amounts of \$479,523, \$549,851, \$12,239, \$1,176,679, \$21,511, and \$106,041, respectively, as of December 31, 2022.
- Parks and Recreation Fund in the amount of \$1,069,115 as of December 31, 2021.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

Fiscal Officer has a better understanding of monitoring expenditures and appropriations.

FINDING NUMBER 2022-005

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022, the Village's appropriations exceeded the amount certified as available by the budget commission in the Parks and Recreation Fund in the amount of \$444,054. At December 31, 2021, the Village's appropriations exceeded the amount certified as available by the budget commission in the Capital Projects Fund in the amount of \$183,198.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

Officials' Response:

Fiscal Officer has a better understanding of monitoring estimated resources and appropriations.

Village of Kalida

205 W. Main Street

P. O. Box 495

Kalida, OH 45853

Alan M. Gerdeman, Mayor
Rita Schroeder, Fiscal Officer

Phone 419-532-3899
Fax 419-532-3852

Council Members

Jason Birkemeier, Pres Craig Stechschulte
Mike Stechschulte John Hopkins
Logan Hanneman Pat Trentman

Board of Public Affairs

John Schimmoeller, Pres.
Roger Dickman
Ronald Knueve

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	This finding was first reported in 2015. Material weakness and noncompliance on Village Ordinance 2010-01-01 for prior audit findings for adjustments to post water collection monies to the Water Tower Fund.	Not corrected and reissued as Finding 2022-001 in this report.	Due to a lack of funds in the Water Operating Fund, Village Council does not intend to pay the funds due to the Water Tower Maintenance Fund. To correct the issue, the Village has passed Ordinance #2023-11-20 to state the finding amount will not be paid.
2020-002	This finding was first reported in 2005. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2022-002 in this report.	An effort was made to correct errors in the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.
2020-003	This finding was first reported in 2017. Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Not corrected and reissued as Finding 2022-004 in this report.	The Audit Committee reviews appropriations along with disbursement and revenue reports. Council reviews a monthly Cash Summary by Fund Report. The Village will utilize this information to more closely monitor disbursements and appropriations.
2020-004	This finding was first reported in 2020. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(D) for posting receipts and disbursements in the wrong fund.	Not corrected and reissued as Finding 2022-003 in this report.	An effort was made to correct errors in the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF KALIDA

PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/2/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov