



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF NORTH BEND
HAMILTON COUNTY
DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of North Bend
Hamilton County
21 Taylor Avenue
North Bend, Ohio 45052

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of North Bend, Hamilton County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, 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.

Emphasis of Matter

As discussed in Note 12 and Note 11 to the financial statements for 2020 and 2019, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
August 9, 2021

Village of North Bend, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$306,794	\$194,495		\$501,289
Intergovernmental	90,295	115,822		206,117
Fines, Licenses and Permits	27,987			27,987
Earnings on Investments	2,219			2,219
Miscellaneous	14,097			14,097
<i>Total Cash Receipts</i>	<u>441,392</u>	<u>310,317</u>	<u>0</u>	<u>751,709</u>
Cash Disbursements				
Current:				
Security of Persons and Property	157,894	251,082	17,128	426,104
Public Health Services	2,589	53,406		55,995
Leisure Time Activities	1,324		10	1,334
Community Environment	10,663			10,663
Basic Utility Services	6,666			6,666
Transportation		82,003		82,003
General Government	126,081	3,271		129,352
Capital Outlay	64,000			64,000
Debt Service:				
Principal Retirement			8,559	8,559
<i>Total Cash Disbursements</i>	<u>369,217</u>	<u>389,762</u>	<u>25,697</u>	<u>784,676</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>72,175</u>	<u>(79,445)</u>	<u>(25,697)</u>	<u>(32,967)</u>
Other Financing Receipts (Disbursements)				
Transfers In		160,000	22,200	182,200
Transfers Out	(182,200)			(182,200)
Other Financing Uses	(42,771)	(648)		(43,419)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(224,971)</u>	<u>159,352</u>	<u>22,200</u>	<u>(43,419)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(152,796)</u>	<u>79,907</u>	<u>(3,497)</u>	<u>(76,386)</u>
<i>Fund Cash Balances, January 1</i>	<u>386,015</u>	<u>99,848</u>	<u>17,614</u>	<u>503,477</u>
<i>Fund Cash Balances, December 31</i>	<u>\$233,219</u>	<u>\$179,755</u>	<u>\$14,117</u>	<u>\$427,091</u>

See accompanying notes to the basic financial statements

Village of North Bend, Ohio
Hamilton County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Deposits Received	8,000
Other Amounts Collected for Distribution	2,572
<i>Total Additions</i>	10,572
Deductions	
Distributions of Deposits	6,000
<i>Total Deductions</i>	6,000
<i>Net Change in Fund Balances</i>	4,572
<i>Fund Cash Balances, January 1</i>	10,932
<i>Fund Cash Balances, December 31</i>	\$15,504

See accompanying notes to the basic financial statements

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of North Bend (the Village), Hamilton County, 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 road maintenance and park operations. The Village contracts with the Hamilton County Sheriff's department to provide security of persons and property. The Village contracts with Miami Township to receive EMS and fire protection services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 6 to the financial statements provide 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 all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types 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 Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Life Squad Fund The Life Squad Fund receives General Fund monies to contract with Miami Township to provide EMS and fire protection services.

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:

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Road and Street Maintenance Fund The Road and Street Maintenance Fund receives transfers from the General Fund to fund capital street improvements.

Fiduciary Funds Fiduciary funds include private purpose trust funds, agency funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency and Custodial 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 organizations or other governments. The Village's custodial funds account for building deposits and unclaimed monies.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency and custodial funds 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. The Village did not use the encumbrance method of accounting.

A summary of 2020 budgetary activity appears in Note 3.

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$426,621	\$441,392	\$14,771
Special Revenue	452,495	470,317	17,822
Capital Projects	22,200	22,200	0
Fiduciary	14,572	10,572	(4,000)
Total	\$915,888	\$944,481	\$28,593

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$655,644	\$580,699	\$74,945
Special Revenue	468,056	390,410	77,646
Capital Projects	39,338	25,697	13,641
Fiduciary	14,000	6,000	8,000
Total	\$1,177,038	\$1,002,806	\$174,232

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2020
Demand deposits	\$241,605
Total deposits	241,605
STAR Ohio	200,990
Total investments	200,990
Total Deposits and Investments	\$442,595

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Explanation: The village has various bank accounts and investment accounts that are part of their cash management pool. Monies for all funds are maintained in this pool

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020 the village is not holding unremitted employee 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.

Investments

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

Note 5 – 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.

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village of North Bend's policy. The Pool covers the following risks:

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- General liability and casualty;
- Public official’s liability;
- Cyber;
- Law Enforcement liability
- Automobile liability
- Vehicles;
- Property; and
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	2019
Cash and investments	\$54,973,597
Actuarial liabilities	\$16,440,940

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2020</i>	<i>10%</i>	<i>14%</i>

Social Security

One Village employee 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, 2020.

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

OPERS offers 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC Loan #CB20N	\$10,215	0%
OPWC Loan #CB14N	\$9,352	0%
OPWC Loan #CB030	20,813	0%
OPWC Loan #CB36P	32,764	0%
CDBG Loan 318/1327	20,000	0%
Total	\$93,143	

Amortization

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

Year Ending December 31:	OPWC #CB20N	OPWC #CB14N	OPWC #C030	OPWC #CB36P	CDBG 318/1327
2021	\$6,810	\$6,235	\$1,734	\$2,340	\$5,000
2022	3,405	3,117	1,734	2,340	5,000
2023			1,734	2,340	5,000
2024			1,734	2,340	5,000
2025			1,734	2,340	
2026-2030			8,672	11,702	
2031-2035			3,469	9,362	
Total	\$10,215	\$9,352	\$20,813	\$32,763	\$20,000

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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	Capital Projects	Total
Nonspendable:				\$0
Unclaimed Monies	\$2,572			2,572
Outstanding Encumbrances	29,282			29,282
<i>Total</i>	<u>\$31,855</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,855</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

During 2020, the Village received \$56,079 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue. The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of North Bend, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$302,648	\$7,422		\$310,070
Intergovernmental	93,171	48,995		142,166
Fines, Licenses and Permits	25,246			25,246
Earnings on Investments	7,215			7,215
Miscellaneous	8,041			8,041
<i>Total Cash Receipts</i>	<u>436,321</u>	<u>56,417</u>	<u>0</u>	<u>492,738</u>
Cash Disbursements				
Current:				
Security of Persons and Property	180,244	106,006	105,070	391,320
Public Health Services	2,510			2,510
Leisure Time Activities				0
Community Environment	8,085			8,085
Basic Utility Services	7,240			7,240
Transportation		94,413		94,413
General Government	128,750			128,750
Debt Service:				
Principal Retirement			17,121	17,121
<i>Total Cash Disbursements</i>	<u>326,829</u>	<u>200,419</u>	<u>122,191</u>	<u>649,439</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,492</u>	<u>(144,002)</u>	<u>(122,191)</u>	<u>(156,701)</u>
Other Financing Receipts (Disbursements)				
Transfers In		147,000	17,200	164,200
Transfers Out	(164,200)			(164,200)
Other Financing Uses	(26,821)			(26,821)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(191,021)</u>	<u>147,000</u>	<u>17,200</u>	<u>(26,821)</u>
<i>Net Change in Fund Cash Balances</i>	(81,529)	2,998	(104,991)	(183,522)
<i>Fund Cash Balances, January 1</i>	<u>467,544</u>	<u>96,850</u>	<u>122,605</u>	<u>686,999</u>
Fund Cash Balances, December 31				
Restricted		99,848		99,848
Assigned	252,625		17,614	270,239
Unassigned (Deficit)	133,390			133,390
<i>Fund Cash Balances, December 31</i>	<u>\$386,015</u>	<u>\$99,848</u>	<u>\$17,614</u>	<u>\$503,477</u>

See accompanying notes to the basic financial statements

Village of North Bend, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	Fiduciary Fund Type
	Agency
Non-Operating Receipts (Disbursements)	
Other Financing Sources	4,000
Other Financing Uses	(4,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	0
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	10,932
<i>Fund Cash Balances, December 31</i>	\$10,932
<i>See accompanying notes to the basic financial statements</i>	

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of North Bend (the Village), Hamilton County, 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 road maintenance and park operations. The Village contracts with the Hamilton County Sheriff's department to provide security of persons and property. The Village contracts with Miami Township to provide EMS and fire protection services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 6 to the financial statements provide 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 all proprietary and fiduciary 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:

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 Funds

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Life Squad Fund The Life Squad Fund receives General Fund monies to contract with Miami Township to provide EMS and fire protection services.

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:

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Road and Street Maintenance Fund The Road and Street Maintenance Fund receives transfers from the General Fund to fund capital street improvements.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used 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 agency fund accounts for building deposits.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 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 in the subsequent year. The Village used the encumbrance method of accounting

A summary of 2019 budgetary activity appears in Note 3.

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 North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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*. Governmental funds other than the 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 resolution, or by State Statute.

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.

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$405,210	\$436,321	\$31,111
Special Revenue	197,550	203,417	5,867
Capital Projects	17,200	17,200	0
Total	\$619,960	\$656,938	\$36,978

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$629,432	\$534,228	\$95,204
Special Revenue	236,016	201,688	34,328
Capital Projects	139,398	122,191	17,207
Total	\$1,004,846	\$858,107	\$146,739

Note 4 – Deposits and Investments

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

Demand deposits	2019 \$200,610
Total deposits	200,610
 STAR Ohio	 313,799
Total investments	313,799
Total deposits and investments	\$514,409

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.

Investments

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

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – 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.

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village of North Bend's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability;
- Cyber;
- Law Enforcement liability
- Automobile liability
- Vehicles;
- Property; and
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

Social Security

Several Village 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, 2019.

Note 8 – Postemployment Benefits

OPERS offers 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

OPWC Loan #CB20N	\$13,620	0%
OPWC Loan #CB14N	12,470	0%
OPWC Loan #CB030	22,547	0%
OPWC Loan #CB36P	33,933	0%
CDBG Loan 318/1327	25,000	0%
Total	\$107,570	

Village of North Bend, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	OPWC #CB20N	OPWC #CB14N	OPWC #CB03O	OPWC #CB03O	CDBG #18/1327
2020	6,810	6,235	1,734	2,340	5,000
2021	6,810	6,235	1,734	2,340	5,000
2022			1,734	2,340	5,000
2023			1,734	2,340	5,000
2024			1,734	2,340	5,000
2025-2029			8,672	11,702	
2030-2034			5,205	10,531	
Total	<u>\$13,620</u>	<u>\$12,470</u>	<u>\$22,547</u>	<u>\$33,933</u>	<u>\$25,000</u>

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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SouthwestRegion@ohioauditor.gov

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

Village of North Bend
Hamilton County
21 Taylor Avenue
North Bend, Ohio 45052

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of North Bend, Hamilton County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 9, 2021, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 9, 2021

**VILLAGE OF NORTH BEND
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

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

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements and accounting records were identified:

- Security of Persons and Property disbursements for street lighting totaling \$105,070 in 2019 in the Capital Projects Funds was incorrectly classified as Transportation disbursements.
- Assigned Fund Balance totaling \$252,625 in 2019 in the General Fund was incorrectly classified as Unassigned Fund Balance.
- Assigned Fund Balance totaling \$17,614 in 2019 in the Capital Projects Funds was incorrectly classified as Restricted Fund Balance.
- Street Bond Fund receipts totaling \$8,000 and \$4,000 in 2020 and 2019, respectively, were incorrectly posted to Charges for Services rather than to Deposits Received for 2020 and Other Financing Sources for 2019 in the Custodial Fund.
- Street Bond Fund disbursements totaling \$4,000 in 2019 were incorrectly posted to Transportation disbursements rather than to Other Financing Uses in the Custodial Fund.
- Budgetary Receipts in the 2020 financial statement footnotes were understated by \$7,224, \$3,939, and \$2,572 in the General Fund, Special Revenue Funds, and Fiduciary Fund, respectively.
- Budgetary Receipts in the 2019 financial statement footnotes were understated by \$25,000 in both the General Fund and the Special Revenue Funds.
- Budgetary Expenditures in the 2020 financial statement footnotes were overstated by \$16,378 and \$1,269 in the General Fund and the Special Revenue Funds, respectively.
- Budgetary Expenditures in the 2019 financial statement footnotes were overstated by \$2,667 in the General Fund.

The financial statements have been adjusted for these errors.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$1,008 to \$5,110 that we have brought to the Village's attention. The financial statements were not adjusted for these errors.

FINDING NUMBER 2020-001
(Continued)

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. It is important that the Village Council take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the Auditor of State Village Officer's Handbook, Auditor of State Bulletin 2011-004, and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

We did not receive a response from Officials to the findings reported above.



Village of North Bend

21 Taylor Avenue
North Bend, Ohio 45052
(513) 941-0610

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting for audit adjustments	Not Corrected	Reissued as Finding 2020-001
2018-002	Budgetary Amounts not correctly recorded in accounting system	Partially Corrected	Reissued in the Management Letter

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NORTH BEND

HAMILTON 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 8/31/2021

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