



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF RIO GRANDE
GALLIA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Rio Grande
Gallia County
P.O. Box 343
Rio Grande, Ohio 45674

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 and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type combined total as of and for the year ended December 31, 2019, and related notes of the Village or Rio Grande, Gallia 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Rio Grande, Gallia County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2020 financial statements, 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 January 5, 2022, 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

January 5, 2022

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Village of Rio Grande, Ohio*Gallia County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory 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	\$765	\$0	\$0	\$765
Municipal Income Tax	192,926	8,000	105,198	306,124
Intergovernmental	49,235	139,553	0	188,788
Charges for Services	28,893	0	0	28,893
Fines, Licenses and Permits	20,019	5,383	0	25,402
Earnings on Investments	560	129	0	689
Miscellaneous	68,350	7,912	0	76,262
<i>Total Cash Receipts</i>	<u>360,748</u>	<u>160,977</u>	<u>105,198</u>	<u>626,923</u>
Cash Disbursements				
Current:				
Security of Persons and Property	181,588	15,639	49,011	246,238
Leisure Time Activities	619	0	0	619
Community Environment	386	0	0	386
Transportation	0	44,909	0	44,909
General Government	99,281	49,338	0	148,619
Capital Outlay	0	65,194	2,578	67,772
Debt Service:				
Principal Retirement	0	0	33,850	33,850
Interest and Fiscal Charges	0	0	723	723
<i>Total Cash Disbursements</i>	<u>281,874</u>	<u>175,080</u>	<u>86,162</u>	<u>543,116</u>
<i>Excess of Receipts Over Disbursements</i>	<u>78,874</u>	<u>(14,103)</u>	<u>19,036</u>	<u>83,807</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	12,545	0	12,545
Other Financing Uses	0	(600)	0	(600)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>11,945</u>	<u>0</u>	<u>11,945</u>
<i>Net Change in Fund Cash Balances</i>	78,874	(2,158)	19,036	95,752
<i>Fund Cash Balances, January 1</i>	<u>13,497</u>	<u>39,427</u>	<u>40,109</u>	<u>93,033</u>
<i>Fund Cash Balances, December 31</i>	<u>\$92,371</u>	<u>\$37,269</u>	<u>\$59,145</u>	<u>\$188,785</u>

See accompanying notes to the basic financial statements

Village of Rio Grande, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$396,115
<i>Total Operating Cash Receipts</i>	<u>396,115</u>
Operating Cash Disbursements	
Personal Services	91,690
Employee Fringe Benefits	33,296
Contractual Services	68,910
Supplies and Materials	29,286
Other	132,178
<i>Total Operating Cash Disbursements</i>	<u>355,360</u>
<i>Operating Income (Loss)</i>	<u>40,755</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	10,040
Capital Outlay	(11,036)
Principal Retirement	(28,337)
Interest and Other Fiscal Charges	(9,386)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(38,719)</u>
<i>Net Change in Fund Cash Balances</i>	2,036
<i>Fund Cash Balances, January 1</i>	<u>511,673</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$513,709</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Rio Grande, Ohio
Gallia County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$21,437
Other Amounts Collected for Distribution	3,708
	<u>25,145</u>
Deductions	
Distributions to Other Governments	3,409
Distributions to Other Funds (Primary Gov't)	21,503
Other Distributions	4,558
	<u>29,470</u>
<i>Net Change in Fund Balances</i>	(4,325)
<i>Fund Cash Balances, January 1</i>	<u>6,812</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,487</u></u>

See accompanying notes to the basic financial statements

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Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Rio Grande (the Village), Gallia 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 general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

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.

Corona Virus Relief Fund The corona virus relief fund accounts for and reports corona virus relief grants for expenditures related to the COVID-19 pandemic.

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:

Police Capital Projects Fund The police capital projects fund receives income tax money from the General Fund each month for the purpose of purchasing equipment and reoccurring expenditures.

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fire Capital Projects Fund The fire capital projects fund receives income tax money from the General Fund each month for the purpose of paying the fire truck and bunker equipment/gear loans.

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

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

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

Fiduciary Funds Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for unclaimed monies and mayor's court activity.

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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

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

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

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 encumber all commitments required by Ohio law.

A summary of 2020 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.

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 Rio Grande, Ohio
Gallia 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$350,000	\$360,748	\$10,748
Special Revenue	160,642	173,522	12,880
Capital Projects	102,000	105,198	3,198
Enterprise	430,000	406,155	(23,845)
Total	\$1,042,642	\$1,045,623	\$2,981

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$359,575	\$281,874	\$77,701
Special Revenue	192,676	175,680	16,996
Capital Projects	139,285	86,162	53,123
Enterprise	923,916	404,119	519,797
Total	\$1,615,452	\$947,835	\$667,617

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
<i>Cash Management Pool:</i>	
Demand deposits	\$622,581
Total deposits	622,581
STAR Ohio	82,400
Total investments	82,400
Total carrying amount of deposits and investments held in the Pool (ties to FS)	704,981

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

Investments in STAR Ohio 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.

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 1.5 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.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

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.

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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.

Ohio Police and Fire Retirement System

The Village’s certified Fire Fighters and 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 and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2020.

Note 8 – 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 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. 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 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 6800	\$294,929	2.00%
Ohio Water Development Authority Loan 7083	307,440	1.04%
Ohio Public Works Commission	9,135	0.00%
Total	\$611,504	

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Water Development Authority (OWDA) loan 6800 relates to a waterline and meter replacement project. The OWDA approved \$492,853 in loans to the Village for this project with an interest rate of 2%. The Village began repaying the loan in July 2015 with semi-annual installments that will last 30 years.

The Ohio Water Development Authority (OWDA) loan 7083 relates to a waste water treatment plant flood damage. The OWDA approved \$430,000 in loans to the Village for this project with an interest rate of 1.04%. The Village began repaying the loan in July 2016 with semi-annual installments that will last 20 years.

The Ohio Public Works Commission loan (OPWC) loan relates to village street reconstruction improvements. The OPWC approved \$9,516 in loans to the Village for this project with an interest rate of 0%. The Village began repaying this loan in July 2019 with semi-annual installments that will last 25 years.

Amortization

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

Year Ending December 31:	OWDA Loan 6800	OWDA Loan 7083	OPWC Loan
2021	\$7,767	\$11,095	\$381
2022	15,533	22,189	381
2023	15,533	22,189	381
2024	15,533	22,189	381
2025	15,533	22,189	381
2026-2030	77,666	110,947	1,903
2031-2035	77,666	110,947	1,903
2036-2040	77,666	11,095	1,903
2041-2045	69,900		1,521
Total	\$372,797	\$332,840	\$9,135

Note 10 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

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.

During 2020, the Village received CARES Act funding. These amounts are reflected as general government and capital outlay expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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Village of Rio Grande, Ohio*Gallia County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory 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	\$4,522	\$0	\$0	\$4,522
Municipal Income Tax	184,436	29,999	102,854	317,289
Intergovernmental	80,185	28,537	7,644	116,366
Charges for Services	36,757	0	0	36,757
Fines, Licenses and Permits	20,557	1,520	0	22,077
Earnings on Investments	1,361	8	0	1,369
Miscellaneous	25,514	13,336	2,647	41,497
<i>Total Cash Receipts</i>	<u>353,332</u>	<u>73,400</u>	<u>113,145</u>	<u>539,877</u>
Cash Disbursements				
Current:				
Security of Persons and Property	267,623	15,163	54,842	337,628
Leisure Time Activities	1,055	0	0	1,055
Community Environment	866	0	0	866
Transportation	0	59,881	0	59,881
General Government	126,258	958	0	127,216
Capital Outlay	0	0	8,641	8,641
Debt Service:				
Principal Retirement	0	0	33,000	33,000
Interest and Fiscal Charges	0	0	2,541	2,541
<i>Total Cash Disbursements</i>	<u>395,802</u>	<u>76,002</u>	<u>99,024</u>	<u>570,828</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(42,470)</u>	<u>(2,602)</u>	<u>14,121</u>	<u>(30,951)</u>
Other Financing Receipts				
Sale of Capital Assets	0	14,107	0	14,107
Other Financing Uses	0	(21)	0	(21)
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>14,086</u>	<u>0</u>	<u>14,086</u>
<i>Net Change in Fund Cash Balances</i>	<u>(42,470)</u>	<u>11,484</u>	<u>14,121</u>	<u>(16,865)</u>
<i>Fund Cash Balances, January 1</i>	<u>55,967</u>	<u>27,943</u>	<u>25,988</u>	<u>109,898</u>
Fund Cash Balances, December 31				
Restricted	0	39,427	0	39,427
Committed	0	0	40,109	40,109
Unassigned (Deficit)	13,497	0	0	13,497
<i>Fund Cash Balances, December 31</i>	<u>\$13,497</u>	<u>\$39,427</u>	<u>\$40,109</u>	<u>\$93,033</u>

See accompanying notes to the basic financial statements

Village of Rio Grande, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$414,822
<i>Total Operating Cash Receipts</i>	<u>414,822</u>
Operating Cash Disbursements	
Personal Services	89,208
Employee Fringe Benefits	37,151
Contractual Services	60,881
Supplies and Materials	38,327
Other	162,075
<i>Total Operating Cash Disbursements</i>	<u>387,642</u>
<i>Operating (Loss)</i>	<u>27,180</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	14,408
Capital Outlay	(16,533)
Principal Retirement	(29,183)
Interest and Other Fiscal Charges	(8,539)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(39,847)</u>
<i>Net Change in Fund Cash Balances</i>	(12,667)
<i>Fund Cash Balances, January 1</i>	<u>524,340</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$511,673</u></u>

See accompanying notes to the basic financial statements

Village of Rio Grande, Ohio
Gallia County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$26,918
Other Amounts Collected for Distribution	3,708
	<u>30,626</u>
Deductions	
Distributions to Other Governments	5,121
Distributions to Other Funds (Primary Gov't)	19,978
Other Distributions	796
	<u>25,895</u>
<i>Net Change in Fund Balances</i>	4,731
<i>Fund Cash Balances, January 1</i>	<u>2,081</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,812</u></u>

See accompanying notes to the basic financial statements

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Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Rio Grande (the Village), Gallia 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 general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

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.

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:

Police Capital Projects Fund The police capital projects fund receives income tax money from the General Fund each month for the purpose of purchasing equipment and reoccurring expenditures.

Fire Capital Projects Fund The fire capital projects fund receives income tax money from the General Fund each month for the purpose of paying the fire truck and bunker equipment/gear loans.

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

Fiduciary Funds Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for unclaimed monies and mayor's court activity.

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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

A summary of 2019 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.

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*.

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 Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$2,086, in the Street Construction, Maintenance and Repairs Fund by \$13,607, in the Law Enforcement Trust Fund by \$4,532, and in the Police Capital Projects Fund by \$1,487 as of December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$350,000	\$353,332	\$3,332
Special Revenue	37,350	87,507	50,157
Capital Projects	98,000	113,145	15,145
Enterprise	460,000	429,230	(30,770)
Total	\$945,350	\$983,214	\$37,864

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$393,717	\$395,802	(\$2,085)
Special Revenue	60,428	76,023	(15,595)
Capital Projects	116,144	99,024	17,120
Enterprise	894,507	441,897	452,610
Total	\$1,464,796	\$1,012,746	\$452,050

Note 5 – 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:

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$529,118
Total deposits	529,118
STAR Ohio	82,400
Total investments	82,400
Total carrying amount of deposits and investments held in the Pool (ties to FS)	611,518

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

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.

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 1.5 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.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

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.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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.

Ohio Police and Fire Retirement System

The Village’s certified Fire Fighters and 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 and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. 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. 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 10 – Debt

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

	Principal	Interest Rate
Ohio Valley Bank Note	\$33,871	2.54%
Ohio Water Development Authority Loan 6800	304,422	2.00%
Ohio Water Development Authority Loan 7083	326,285	1.04%
Ohio Public Works Commission	9,326	0.00%
Total	\$673,904	

Village of Rio Grande, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

In September 2014, the Village obtained a loan from Ohio Valley Bank, in the amount of \$200,000 with an interest rate of 2.54 percent. This loan was used to pay off the 2012 loan for the fire truck and bunker gear for the Fire Department and to purchase a fire truck and build an addition to the fire house. In addition, the Village drew an additional \$12,868 in August 2015 for the repair of a fire truck. This loan will be repaid in twelve semi-annual installments of \$17,770, including interest, over the remaining five years of the loan.

The Ohio Water Development Authority (OWDA) loan 6800 relates to a waterline and meter replacement project. The OWDA approved \$492,853 in loans to the Village for this project with an interest rate of 2%. The Village began repaying the loan in July 2015 with semi-annual installments that will last 30 years.

The Ohio Water Development Authority (OWDA) loan 7083 relates to a waste water treatment plant flood damage. The OWDA approved \$430,000 in loans to the Village for this project with an interest rate of 1.04%. The Village began repaying the loan in July 2016 with semi-annual installments that will last 20 years.

The Ohio Public Works Commission loan (OPWC) loan relates to village street reconstruction improvements. The OPWC approved \$9,516 in loans to the Village for this project with an interest rate of 0%. The Village began repaying this loan in July 2019 with semi-annual installments that will last 25 years.

Amortization

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

Year Ending December 31:	Ohio Valley Bank Loan	OWDA Loan 6800	OWDA Loan 7083	OPWC Loan
2020	\$34,573	\$7,767	\$11,095	\$190
2021		15,333	22,189	381
2022		15,333	22,189	381
2023		15,333	22,189	381
2024		15,333	22,189	381
2025-2029		77,666	110,947	1,903
2030-2034		77,666	110,947	1,903
2035-2039		77,666	33,284	1,903
2040-2044		77,666		1,903
2045		7,767		
Total	\$34,573	\$387,530	\$355,029	\$9,326

Note 11 – Change in Accounting Principles

For 2019, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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

Village of Rio Grande
Gallia County
P.O. Box 343
Rio Grande, Ohio 45674

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2019, and related notes of the Village of Rio Grande, Gallia County, Ohio (the Village), and have issued our report thereon dated January 5, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may 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) as a basis for designing 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 Findings 2020-003 and 2020-004 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 and 2020-002.

Village's Response to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

January 5, 2022

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

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 Village's General Fund had expenditures in excess of appropriations of \$2,086, Street Construction Maintenance and Repairs Fund had expenditures in excess of appropriations of \$13,607, Law Enforcement Trust Fund had expenditures in excess of appropriations of \$4,532, Other Capital Projects Fund had expenditures in excess of appropriations of \$1,487 as of December 31, 2019.

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: We will take a serious look at how this can be improved. We will work to correct the findings with further AOS guidance.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002 (Continued)

Noncompliance (Continued)

Ohio Rev. Code § 5705.41(D)(1) (Continued)

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 11 percent of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Also, during 2019, Blanket certificates were used and no ordinance or resolution was approved by the Board of Trustees establishing a dollar limit for blanket certificates.

In addition, none of the completed purchase orders on file during the audit period were signed by the Fiscal Officer or Council Members.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used. In addition, the Village Council should establish by ordinance or resolution a maximum amount for any blanket certificates used by the Village. Furthermore, the Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Council should sign off on each purchase order as approval.

Officials’ Response: We will work to correct the findings with further AOS guidance.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-003

Material Weakness

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2020 estimated receipts as approved by the Budget Commission did not agree to UAN for the following funds:

Fund	Approved Estimated Receipts	Estimated Receipts per UAN	Variance
General	\$ 350,000	\$ 372,422	\$ (22,422)
Street Construction, Maintenance and Repairs	35,000	39,393	(4,393)
Federal Grants	-	60,550	(60,550)
Corona Virus Relief	111,642	116,262	(4,620)
Police Capital Projects	51,000	51,824	(824)
Water Operating	160,000	161,155	(1,155)
Sewer Operating	200,000	201,399	(1,399)

At December 31, 2020, appropriations as approved by the Village Council did not agree to UAN for the following funds:

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-003 (Continued)

Material Weakness (Continued)

Fund	Approved Appropriations	Appropriations per UAN	Variance
General	\$ 359,575	\$ 381,869	\$ (22,294)
Street Construction, Maintenance and Repairs	47,144	57,144	(10,000)
Federal Grants	-	56,461	(56,461)
Police Capital Projects	64,572	66,072	(1,500)
Sewer Operating	435,497	443,597	(8,100)

At December 31, 2019 estimated receipts as approved by the Budget Commission did not agree to UAN for the following funds:

Fund	Approved Estimated Receipts	Estimated Receipts per UAN	Variance
General	\$ 350,000	\$ 426,153	\$ (76,153)
Street Construction, Maintenance and Repairs	30,000	45,113	(15,113)
Law Enforcement Trust	5,000	10,800	(5,800)
Water Replacement	-	12,000	(12,000)

At December 31, 2019, appropriations as approved by the Village Council did not agree to UAN for the following funds:

Fund	Approved Appropriations	Appropriations per UAN	Variance
General	\$ 393,717	\$ 465,832	\$ (72,115)
Street Construction, Maintenance and Repairs	45,236	60,922	(15,686)
Law Enforcement Trust	10,631	18,631	(8,000)
Police Capital Projects	53,355	57,600	(4,245)
Water Replacement	12,635	14,635	(2,000)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources was not properly posted to the accounting system.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-003 (Continued)

Material Weakness (Continued)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: We will work to correct the findings with further AOS guidance.

FINDING NUMBER 2020-004

Material Weakness

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 Village's monthly cash reconciliations did not include the amount of interest received from their STAR Ohio account in 2020 or 2019, nor did the monthly reconciliations include activity for the Mayor's Court bank account each month.

The financial statements had the following errors that required audit adjustments or reclassifications:

In 2020:

- Federal Grants fund included \$50,551 in receipts and expenditures for a Payroll Protection Program loan which was later returned. This resulted in an overstatement of Miscellaneous receipts and General Government expenditures in the amount of \$50,551;
- Law Enforcement Fund Sale of Assets receipts were incorrectly classified as Miscellaneous receipts resulting in an understatement of Sale of Assets receipts and an overstatement of Miscellaneous receipts in the amount of \$12,545;
- Coronavirus Relief Fund Capital Outlay expenditures were incorrectly posted as General Government expenditures resulting in an overstatement of General Government expenditures and an understatement of Capital Outlay expenditures in the amount of \$65,194;
- Water Replacement Fund Charges for Services receipts were incorrectly posted as Miscellaneous Non-Operating receipts resulting in an overstatement of Miscellaneous Non-Operating receipts and an understatement of Charges for Services receipts in the amount of \$12,000; and

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-004 (Continued)

Material Weakness (Continued)

- Mayor's Court Activity was not included in the Custodial fund. This resulted in an understatement of Fines, Licenses and Permits for Distribution of \$21,437, Other Amounts Collected for Distribution in the amount of \$3,708, Distributions to Other Governments in the amount of \$3,409, Distributions to Other Funds in the amount of \$21,503, and Other Distributions in the amount of \$4,558.

In 2019:

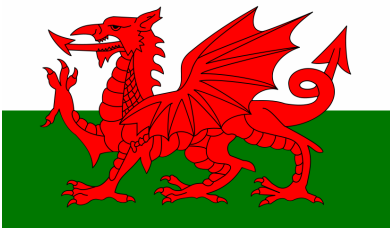
- General Fund Intergovernmental receipts were incorrectly classified as Miscellaneous receipts resulting in an understatement of Intergovernmental receipts and an overstatement of Miscellaneous receipts in the amount of \$34,349 ;
- Law Enforcement Fund Intergovernmental receipts were incorrectly classified as Miscellaneous receipts resulting in an understatement of Intergovernmental receipts and an overstatement of Miscellaneous receipts in the amount of \$5,935;
- Law Enforcement Fund Sale of Assets receipts were incorrectly classified as Miscellaneous receipts resulting in an understatement of Sale of Assets receipts and an overstatement of Miscellaneous receipts in the amount of \$14,107;
- Other Capital Project Fund Intergovernmental receipts were incorrectly classified as Income Tax receipts resulting in an understatement of Intergovernmental receipts and an overstatement of Income Tax receipts in the amount of \$7,644;
- Other Capital Projects Fund and PD and FD Capital Projects Fund balances were reported as Restricted but since receipts are from an Income Tax allocation set by Council Ordinance, the amounts should be reported as Committed resulting in an overstatement of Restricted fund balance and an understatement of Committed fund balance in the amounts of \$15,396 and \$24,713 respectively;
- Water Replacement Fund Charges for Services receipts were incorrectly posted as Miscellaneous Non-Operating receipts resulting in an overstatement of Miscellaneous Non-Operating receipts and an understatement of Charges for Services receipts in the amount of \$12,000; and
- Mayor's Court Activity was not included in the Custodial fund. This resulted in an understatement of Fines, Licenses and Permits for Distribution of \$26,918, Other Amounts Collected for Distribution in the amount of \$3,708, Distributions to Other Governments in the amount of \$5,121, Distributions to Other Funds in the amount of \$19,978, and Other Distributions in the amount of \$796.

The Fiscal Officer made classification errors in posting of receipts and disbursements. This caused the incorrect postings of receipts and disbursements noted above.

The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Village Officer's Handbook for guidance on the correct line item to post various receipt and disbursement transactions to ensure the Village's financial statements are complete and accurate.

Officials' Response : We will work to correct the findings with further AOS guidance. We will work on restructuring our chart of accounts in order to correctly post revenue and expenses.



Village of Rio Grande

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 733.40 for mayor's court remittances	Partially Corrected	Will look into this.
2018-002	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations	Not Corrected	Will look into this.
2018-003	Ohio Rev. Code § 5705.41(D)(1) for not properly encumbering	Not Corrected	Will look into this and work to correct.
2018-004	Material audit adjustments and reclassifications	Not Corrected	Will look into this.
2018-005	Material variances between approved budgeted amounts and amounts recorded in UAN	Not Corrected	Will look into this.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RIO GRANDE

GALLIA 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 1/18/2022

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