



VILLAGE OF FLORIDA
HENRY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Florida
Henry County
111 East High Street
Napoleon, Ohio 43545

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Florida, Henry County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matters

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2023

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,900		\$16,900
Intergovernmental	13,277	\$29,473	42,750
Earnings on Investments	244		244
Miscellaneous	1,277	1,515	2,792
<i>Total Cash Receipts</i>	<u>31,698</u>	<u>30,988</u>	<u>62,686</u>
Cash Disbursements			
Current:			
Security of Persons & Property	2,162	7,819	9,981
Public Health Services	572		572
Leisure Time Activities	952		952
Basic Utility Services	961		961
Transportation	663	6,584	7,247
General Government	20,101	100	20,201
<i>Total Cash Disbursements</i>	<u>25,411</u>	<u>14,503</u>	<u>39,914</u>
<i>Net Change in Fund Cash Balances</i>	6,287	16,485	22,772
<i>Fund Cash Balances, January 1</i>	<u>41,894</u>	<u>169,840</u>	<u>211,734</u>
<i>Fund Cash Balances, December 31</i>	<u>\$48,181</u>	<u>\$186,325</u>	<u>\$234,506</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$246,895
Miscellaneous	714
<i>Total Operating Cash Receipts</i>	<i>247,609</i>
Operating Cash Disbursements	
Personal Services	42,031
Employee Fringe Benefits	7,912
Contractual Services	134,277
Supplies and Materials	3,636
<i>Total Operating Cash Disbursements</i>	<i>187,856</i>
<i>Operating Income</i>	<i>59,753</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	26,578
Earnings on Investments	11
Principal Retirement	(45,139)
Interest and Other Fiscal Charges	(36,268)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(54,818)</i>
<i>Net Change in Fund Cash Balances</i>	<i>4,935</i>
<i>Fund Cash Balances, January 1</i>	<i>279,486</i>
<i>Fund Cash Balances, December 31</i>	<i>\$284,421</i>

See accompanying notes to the basic financial statements

Village of Florida
Henry County
Combining Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Custodial Fund
For the Year Ended December 31, 2021

	<u>Custodial</u>
Additions	
Charges for Services	<u>\$31,684</u>
Deductions	
Other Distributions	<u>31,444</u>
<i>Net Change in Fund Cash Balances</i>	240
<i>Fund Cash Balances, January 1</i>	<u>3,373</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,613</u></u>

See accompanying notes to the basic financial statements

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Florida, Henry County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, and park operations. The Village contracts with Richland Township, Jewell Rescue and Flatrock Township to receive fire protection and emergency medical services.

Public Entity Risk Pool

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

Emergency Medical Services Fund This fund receives tax levy money for the purpose of providing emergency medical service for Village residents.

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 Fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

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 custodial funds) be budgeted annually.

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

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.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 12.

Note 3 – Compliance

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the year ended December 31, 2021. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

Also, contrary to Ohio law, the Village did not allocate receipts to the proper funds and did not post disbursements to the proper funds.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$31,698	(\$31,698)
Special Revenue		30,988	(30,988)
Enterprise		274,198	(274,198)
Total		\$336,884	(\$336,884)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$26,462	(\$26,462)
Special Revenue		14,503	(14,503)
Enterprise		269,263	(269,263)
Total		\$310,228	(\$310,228)

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:

	2021
Demand deposits	\$398,040
STAR Ohio	124,500
Total deposits and investments	\$522,540

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.

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes

Property Taxes

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

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

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

Note 7 – Interfund Balances

The Village does not have any unpaid advances outstanding as of December 31, 2021.

Note 8 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

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

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

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

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

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

Note 10 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 11 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds Series 2006	\$721,811	5.00%
Ohio Water Development Authority Loan 4262	111,161	1.50%
Ohio Water Development Authority Loan 6495	62,044	1.50%
Ohio Public Works Commission Loan CE210	73,056	0%
Total	<u>\$968,072</u>	

The Mortgage Revenue Bonds Series 2006 were issued for the purpose of retiring an interim loan for the purpose of sanitary sewer improvements. The bonds will be repaid in semi-annual installments until 2046. The Village has agreed to set utility rates sufficient to cover the United States Department of Agriculture (USDA) debt service requirements. The Mortgage Revenue Bonds Series 2006 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2021 is \$54,604.

The Ohio Water Development Authority (OWDA) loan #4262 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be paid off in 2036.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

In 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. The loan will be repaid from the Water fund over a period of 30 years and included in amortization schedule. The loan will be paid off in 2043.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE210) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over a period of 25 years. The loan will be paid off in 2037.

Amortization

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

Year Ending December 31:	OPWC Loan	OWDA Loan 4262	OWDA Loan 6495	Mortgage Revenue Bond Series 2006
2022	\$4,566	\$8,303	\$3,322	\$65,185
2023	4,566	8,303	3,322	65,136
2024	4,566	8,303	3,322	65,167
2025	4,566	8,303	3,322	65,075
2026	4,566	8,303	3,322	65,166
2027-2031	22,830	41,517	16,608	325,488
2032-2036	22,830	41,517	16,608	145,678
2037-2041	4,566		16,608	145,558
2042-2046			6,643	145,607

Note 12 – Fund Balances

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

Fund Balances	General
Outstanding Encumbrances	\$1,051

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

Note 13 – Miscellaneous Revenue

Miscellaneous receipts in the General Fund primarily consisted of refunds.

Note 14 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. 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 Florida
Henry County, Ohio
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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,368	\$11,285	\$27,653
Intergovernmental	12,430	19,578	32,008
Earnings on Investments	945		945
Miscellaneous	1,676	7,022	8,698
<i>Total Cash Receipts</i>	<u>31,419</u>	<u>37,885</u>	<u>69,304</u>
Cash Disbursements			
Current:			
Security of Persons & Property	2,227	21,832	24,059
Public Health Services	322		322
Leisure Time Activities	1,246		1,246
Basic Utility Services	990		990
Transportation		6,623	6,623
General Government	17,528	284	17,812
<i>Total Cash Disbursements</i>	<u>22,313</u>	<u>28,739</u>	<u>51,052</u>
<i>Net Change in Fund Cash Balances</i>	9,106	9,146	18,252
<i>Fund Cash Balances, January 1</i>	<u>32,788</u>	<u>160,694</u>	<u>193,482</u>
<i>Fund Cash Balances, December 31</i>	<u>\$41,894</u>	<u>\$169,840</u>	<u>\$211,734</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$250,334
Operating Cash Disbursements	
Personal Services	32,441
Employee Fringe Benefits	6,686
Contractual Services	161,015
Supplies and Materials	4,137
<i>Total Operating Cash Disbursements</i>	204,279
<i>Operating Income</i>	46,055
Non-Operating Receipts (Disbursements)	
Special Assessments	35,284
Earnings on Investments	94
Principal Retirement	(42,379)
Interest and Other Fiscal Charges	(38,939)
<i>Total Non-Operating Receipts (Disbursements)</i>	(45,940)
<i>Net Change in Fund Cash Balances</i>	115
<i>Fund Cash Balances, January 1</i>	279,371
<i>Fund Cash Balances, December 31</i>	\$279,486

See accompanying notes to the basic financial statements

Village of Florida
Henry County
Combining Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Custodial Fund
For the Year Ended December 31, 2020

	<u>Custodial</u>
Additions	
Charges for Services	<u>\$30,468</u>
Deductions	
Other Distributions	<u>31,858</u>
<i>Net Change in Fund Cash Balances</i>	(1,390)
<i>Fund Cash Balances, January 1</i>	<u>4,763</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,373</u></u>

See accompanying notes to the basic financial statements

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Florida, Henry County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, and park operations. The Village contracts with Richland Township, Jewell Rescue and Flatrock Township to receive fire protection and emergency medical services.

Public Entity Risk Pool

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

Emergency Medical Services Fund This fund receives tax levy money for the purpose of providing emergency medical service for Village residents.

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 Fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

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 custodial funds) be budgeted annually.

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

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

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

A summary of 2020 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.

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.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 12.

Note 3 – Compliance

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the year ended December 31, 2020. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

Also, contrary to Ohio law, the Village did not allocate receipts to the proper funds and did not post disbursements to the proper funds.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$31,419	(\$31,419)
Special Revenue		37,885	(37,885)
Enterprise		285,712	(285,712)
Total		\$355,016	(\$355,016)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$23,074	(\$23,074)
Special Revenue		28,739	(28,739)
Enterprise		285,597	(285,597)
Total		\$337,410	(\$337,410)

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:

	2020
Demand deposits	\$370,195
STAR Ohio	124,398
Total deposits and investments	\$494,593

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.

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Taxes

Property Taxes

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

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

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

Note 7 – Interfund Balances

The Village does not have any unpaid advances outstanding as of December 31, 2020.

Note 8 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Some of the Village’s 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.

Note 10 – Postemployment Benefits

OPERS 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.

Note 11 – Debt

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

	Principal	Interest Rate
Mortgage Revenue Bonds Series 2006	\$753,474	5.00%
Ohio Water Development Authority Loan 4262	117,723	1.50%
Ohio Water Development Authority Loan 6495	64,408	1.50%
Ohio Public Works Commission Loan CE210	77,622	0%
Total	\$1,013,227	

The Mortgage Revenue Bonds Series 2006 were issued for the purpose of retiring an interim loan for the purpose of sanitary sewer improvements. The bonds will be repaid in semi-annual installments until 2046. The Village has agreed to set utility rates sufficient to cover the United States Department of Agriculture (USDA) debt service requirements. The Mortgage Revenue Bonds Series 2006 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2020 is \$54,604.

The Ohio Water Development Authority (OWDA) loan #4262 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be paid off in 2036.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

In 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. The loan will be repaid from the Water fund over a period of 30 years and included in amortization schedule. The loan will be paid off in 2043.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE210) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over a period of 25 years. The loan will be paid off in 2037.

Amortization

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

Year Ending December 31:	OPWC Loan	OWDA Loan 4262	OWDA Loan 6495	Mortgage Revenue Bond Series 2006
2021	\$4,566	\$8,303	\$3,322	\$65,217
2022	4,566	8,303	3,322	65,185
2023	4,566	8,303	3,322	65,136
2024	4,566	8,303	3,322	65,167
2025	4,566	8,303	3,322	65,075
2026-2030	22,830	41,517	16,608	325,617
2031-2035	22,830	41,517	16,608	181,543
2036-2040	9,132	8,303	16,608	145,658
2041-2045			9,965	145,524
2046-2050				29,155
Total	<u>\$77,622</u>	<u>\$132,852</u>	<u>\$76,399</u>	<u>\$1,153,277</u>

Note 12 – Fund Balances

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

Fund Balances	General
Outstanding Encumbrances	\$761

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

Note 13 – Miscellaneous Revenue

Miscellaneous receipts in the Special Revenue Fund primarily consisted of refunds.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Change in Accounting Principle

For 2020, the Village has made changes to its 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) – Fiduciary Fund Type, 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.

The implementation of GASB Statement No. 84 did not have an effect on beginning cash balances of the governmental and proprietary funds as previously reported. Due to the implementation of GASB Statement No. 84, the new classification of Custodial Funds is reporting a beginning fund balance of \$4,763.

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OHIO AUDITOR OF STATE KEITH FABER



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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 Florida
Henry County
111 East High Street
Napoleon, Ohio 43545

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Florida, Henry County, Ohio (the Village) and have issued our report thereon dated April 11, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. In addition, we noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-003 and 2021-005 through 2021-007 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 through 2021-005 and 2021-007.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2023

**VILLAGE OF FLORIDA
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following errors requiring adjustments to the financial statements for the year ending December 31, 2021:

- Intergovernmental receipts within the General Fund in the amount of \$2,446 were incorrectly classified as property tax receipts;
- Miscellaneous receipts within the Emergency Medical Services Fund in the amount of \$1,515 were incorrectly classified as charges for services;
- Special assessment receipts within the Sanitary Sewer Operating Fund in the amount of \$26,578 were incorrectly classified as charges for services; and
- Charges for services receipts within the Okolona Sewer Fund in the amount of \$29,837 were incorrectly classified as intergovernmental receipts.

We identified the following errors requiring adjustments to the financial statements for the year ending December 31, 2020:

- Intergovernmental receipts within the General Fund in the amount of \$2,282 were incorrectly classified as property tax receipts;
- Intergovernmental receipts within the Emergency Medical Services Fund in the amount of \$2,253 were incorrectly classified as property tax receipts;
- Special assessments receipts within the Sanitary Sewer Operating Fund in the amount of \$35,284 were incorrectly classified as charges for services;
- Security of persons and property disbursements within the Emergency Medical Services Fund in the amount of \$2,995 were incorrectly classified as property tax receipts;
- Miscellaneous revenue within the Emergency Medical Services Fund in the amount of \$7,022 were incorrectly classified as property tax receipts; and
- Charges for services revenue within the Okolona Sewer Fund in the amount of \$30,652 were incorrectly classified as intergovernmental receipts.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Village Council to make misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified an additional immaterial misstatement of \$889, which we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions.

FINDING NUMBER 2021-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code or as otherwise provided by section 3315.40 of the Revised Code, all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

The following errors were identified in the accompanying financial statements:

- In 2021, the Village inappropriately recorded \$11,208 of Local Fiscal Recovery Fund grant revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Local Fiscal Recovery Fund;
- In 2021, the Village inappropriately recorded \$9,784 of water and sewer collections in the ACH Payments to be split fund. Given the source of the revenue, this should have been recorded in Water Operating, Sewer Operating, and Okolona Sewer Agency funds in the amounts of \$6,440, \$1,497, and \$1,847, respectively; and
- During 2020, the Village inappropriately recorded \$4,448 of homestead and rollback revenue in the Sanitary Sewer Operating Fund. Given the source of the revenue, this should have been recorded in the General Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

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

FINDING NUMBER 2021-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

Ohio Rev. Code § 5705.38(A) requires on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

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.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2021 or 2020. There was also no evidence that the Village Council approved an appropriation measure for 2021 and 2020; however, appropriations were recorded by the Fiscal Officer in the accounting system and in the notes to the financial statements.

These errors were due to deficiencies in the budgetary compliance and monitoring control policies and procedures. The accompanying notes were adjusted to reflect budgeted receipts and disbursements as \$0, which agrees to the legally adopted amounts. In addition, expenditures exceeded appropriations in the General, Special Revenue, and Enterprise Funds during 2021 and 2020 since annual appropriation measures were not formally approved by Council. Failure to obtain the required amended certificate of estimated resources and approving an appropriation measure can lead to improper budgeting and limits the effectiveness of management monitoring. Additionally, 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 Fiscal Officer should, on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources. Also, the Village Council should formally approve annual appropriation measures in the minutes at the proper legal level of control and submit them to the County Budget Commission. Any subsequent changes to original appropriation measures should be approved by Council, submitted to the County Budget Commission, and documented in the minutes. Additionally, expenditures should be limited to established appropriation limitations.

FINDING NUMBER 2021-004

Noncompliance

Ohio Rev. Code § 121.22(C) states that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section.

Due to deficiencies in monitoring compliance over council minutes, the Village could not provide minutes for one of the twelve council meeting minutes for 2021 and two of the twelve council meeting minutes for 2020. As a result, the official actions taken by Village Council at these meetings was not documented. We were able to perform alternative audit procedures to gain the necessary audit assurances; however, failure to maintain underlying documentation and support of council minutes can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all council meeting minutes in a secure and safe place as set forth in this section of the Ohio Revised Code.

FINDING NUMBER 2021-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.09 provides that each subdivision shall establish certain funds, including a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During fiscal year 2021, the Village received \$11,208 of State and Local Fiscal Recovery Funds (SLFRF) but accounted for it in the General Fund, despite the legal restrictions on use. The Council failed to approve, establish, and utilize a special fund for SLFRF funding received, due to a lack of controls over the fund approval and establishment process.

Failure to obtain the necessary approval could result in improper funds being added and failure to use a special fund for the purpose of SLFRF funding could result in unallowable expenditures being made using purpose-restricted resources.

The Council should formally approve, via resolution, the establishment of any new funds and should properly establish and use special funds for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

FINDING NUMBER 2021-006

Material Weakness – Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated.

Due to deficiencies in policies and procedures over Village records, the Village did not maintain underlying documentation and support for:

- Invoices totaling \$3,394 in 2021 from various vendors; and
- Support for various receipts in 2020 totaling \$7,022.

We were able to perform alternative audit procedures to gain the necessary audit assurances, however, failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices, purchase orders, receipts, and bank statements for all financial transactions and records be maintained in an orderly manner to support all transactions.

FINDING NUMBER 2021-007

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Due to deficiencies in the Village's internal controls over compliance, in 2021, the Village disbursed \$1,575 from the Street Construction, Maintenance, and Repair fund to clean the storm sewers and catch basins of the Village, and the Village disbursed \$663 from the same fund to pay for mosquito spraying. These disbursements do not fit the purposes of the Street Construction, Maintenance, and Repair fund and should have been disbursed from the Storm Sewer and General funds, respectively. In 2020, the Village disbursed \$5,173 from the Emergency Medical Services fund to purchase bulk water for resale from the City of Napoleon. This disbursement should have been made from the Water Operating fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatements.

Failure to make disbursements from proper funds could lead to budget imbalances between funds and inappropriate corrective actions from Village Council due to lack of information regarding the true costs of Village programs and functions by fund. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

2. OTHER - FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2021-008

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 731.13 states "the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office." The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed.

On June 8, 2021, Village Council incorrectly approved in term pay increases for all Council Members and the Mayor. These increases should not have gone into effect until the Council Members and Mayor started new terms.

Council Members Brenda Bost and Anita Heilman each should have received a total salary of \$300 in 2021; however, each were paid \$350, resulting in an overpayment of \$50 each. Former Council Member Judy Heilman should have received a total salary of \$270 in 2021; however, was paid \$315, resulting in an overpayment of \$45. Council Member Jeffrey Morgan should have received a total salary of \$420 in 2021; however, was paid \$490, resulting in an overpayment of \$70. Council member James Sharp should have received a total salary of \$240 in 2021; however, was paid \$280, resulting in an overpayment of \$40. Mayor Jeff Nulton should have received a total salary of \$2,820 in 2021; however, was paid \$3,295, resulting in an overpayment of \$475.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Brenda Bost, Anita Heilman, Judy Heilman, Jeffrey Morgan, James Sharp, and Jeff Nulton in the amounts of \$50, \$50, \$45, \$70, \$40, and \$475, respectively, and in favor of the Village of Florida General Fund.

Brenda Bost, Anita Heilman, Jeffrey Morgan, and James Sharp repaid the Village via payroll deduction on November 17, 2022 in the amount of \$50, \$50, \$70, and \$40, respectively. Judy Heilman and Jeff Nulton issued checks in the amount of \$45 and \$475, respectively to the Village of Florida on December 9, 2022 and November 17, 2022, respectively. These findings for recovery are considered repaid under audit and resolved.

Village officials should consider training available from the Ohio Ethics Commission which can accessed at the following website address <https://www.ethics.ohio.gov/index.html>

This matter will be referred to the Ohio Ethics Commission for any action they deem necessary.

FINDING NUMBER 2021-009

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Due to deficiencies in the Village’s internal controls over compliance, the Village used public monies to pay for the utility systems annual maintenance fees in the amount of \$1,136. However, the Village incorrectly paid United Systems Technology, Inc. three times and was only refunded for one of the two overpayments.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against United Systems Technology, Inc. in the amount of \$1,136, and in favor of the Village of Florida Water Operating and Sewer Operating Funds.

Central Square Technologies, parent company of the former United Systems Technology, Inc. issued the second refund in the amount of \$1,136 to the Village of Florida on April 11, 2023. This finding for recovery is considered repaid under audit and resolved.

Officials’ Response:

We did not receive a response from Officials to these findings.

VILLAGE OF FLORIDA OHIO
113 EAST MAIN STREET
NAPOLEON, OH 43545
(419) 762-5338

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first issued in the 2006-2007 audit. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2021-001 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.
2019-002	Finding was first issued in the 2012-2013 audit. Material weakness and noncompliance with Ohio Rev. Code § 5705.38 for failure to pass a formal appropriation measure.	Not corrected and reissued as Finding 2021-003 in this report.	This finding recurred due to inadequate policies and procedures in formally approving appropriation measures and obtaining certificate of estimated resources from the County Auditor. Village Council will begin formally approving all appropriation measures, as well as subsequent amendments, and noting the approval in the Minutes. Council will also ensure that a certificate of estimated resources is obtained from the County Auditor.
2019-003	Noncompliance and material weakness for Ohio Rev. Code § 149.351(A) for destruction of public records.	Not corrected and reissued as Finding 2021-006 in this report.	This finding recurred due to inadequate policies and procedures in maintaining Village documentation.
2019-004	Material weakness for lack of documentation to support utility receipts.	Partially corrected and reissued in the management letter.	This finding recurred due to inadequate policies and procedures in maintaining Village documentation.
2019-005	Noncompliance for Ohio Rev. Code § 121.22(C) for failure to maintain minute documentation.	Not corrected and reissued as Finding 2021-004 in this report.	This finding recurred due to inadequate policies and procedures in maintaining meeting documentation.
2019-006	Finding for recovery repaid under audit for purchase of alcoholic beverages.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FLORIDA

HENRY 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 5/4/2023

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
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