



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



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Columbus, Ohio 43215
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Village Council
Village of Frankfort
PO Box 351
Frankfort, OH 45628-0351

We have reviewed the *Independent Auditor's Report* of the Village of Frankfort, Ross County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2024

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VILLAGE OF FRANKFORT
ROSS COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Frankfort
Ross County
P.O. Box 351, 20 N. Main Street
Frankfort, Ohio 45628

To the Village Council:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of the Village of Frankfort, Ross County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes of the Village of Frankfort, Ross County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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, 2023 and 2022, 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 Qualified Opinion on Regulatory Basis of Accounting

The Village Council did not make a prior period proposed audit adjustment to allocate debt payments made from the General Fund to the Water Treatment Plant Rehabilitation Debt Service Fund and the Waterline Replacement Debt Service Fund of \$6,250 and \$4,167, respectively. Due to the impact this adjustment would have on the Debt Service Funds, the Village was unable to make this adjustment.

The Village Council did not comply with requirements concerning interfund transfers in 2019 or 2020. Funds, in the amount of \$44,021 and \$69,388, respectively, were transferred from the Water Operating Fund to the Waterline Replacement and Elevation Fund without Council approval. Due to the impact these adjustments would have on the Waterline Replacement and Elevation Fund, the Village was unable to make these adjustments.

Had the posting errors noted in the preceding paragraphs been properly posted to the financial statements and the accounting system; the General Fund cash fund balance would have been increased \$10,417; the Water Treatment Plant Rehabilitation Debt Service Fund cash fund balance would have decreased \$6,250; the Waterline Replacement Debt Service Fund cash fund balance would have decreased \$4,167; the Water Operating Fund cash fund balance would have increased \$113,409; and the Waterline Replacement and Elevation Fund cash fund balance would have decreased \$113,409.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 31, 2024

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 66,055	\$ -	\$ 66,055
Intergovernmental	45,947	62,424	108,371
Fines, Licenses and Permits	22,229	-	22,229
Earnings on Investments	205	37	242
Miscellaneous	6,673	1,038	7,711
<i>Total Cash Receipts</i>	<u>141,109</u>	<u>63,499</u>	<u>204,608</u>
Cash Disbursements			
Current:			
Security of Persons and Property	14,551	-	14,551
Leisure Time Activities	7,138	1,427	8,565
Basic Utility Services	4,948	-	4,948
Transportation	-	29,480	29,480
General Government	74,670	-	74,670
Capital Outlay	-	32,505	32,505
<i>Total Cash Disbursements</i>	<u>101,307</u>	<u>63,412</u>	<u>164,719</u>
<i>Net Change in Fund Cash Balances</i>	39,802	87	39,889
<i>Fund Cash Balances, January 1</i>	<u>232,181</u>	<u>486,607</u>	<u>718,788</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 271,983</u>	<u>\$ 486,694</u>	<u>\$ 758,677</u>

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

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 602,426
<i>Total Operating Cash Receipts</i>	<u>602,426</u>
Operating Cash Disbursements	
Personal Services	94,003
Employee Fringe Benefits	15,203
Contractual Services	180,509
Supplies and Materials	58,759
Other	2,900
<i>Total Operating Cash Disbursements</i>	<u>351,374</u>
<i>Operating Income (Loss)</i>	<u>251,052</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	1,174,235
Loans Issued	1,356,013
Miscellaneous Receipts	1,065
Capital Outlay	(2,331,361)
Principal Retirement	(306,477)
Interest and Other Fiscal Charges	(24,514)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(131,039)</u>
<i>Net Change in Fund Cash Balances</i>	<u>120,013</u>
<i>Fund Cash Balances, January 1</i>	<u>1,618,420</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,738,433</u>

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Frankfort (the Village), Ross 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 water and sewer utilities, park operations, and police services. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Concord Township Fire Department to receive fire protection services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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 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.

Brad Lightle Memorial Park Fund The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

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

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

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Water T/Plant Rehabilitation Debt Service Fund The Water T/Plant Rehabilitation Debt Service fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the water treatment plant expansion. A utility surcharge recorded in this fund will repay this loan.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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, budgetary expenditures exceeded appropriation authority in the Water T/ Plant Rehabilitation Debt Service and Street Construction Maintenance and Repair funds by \$1,229,474 and \$31,896, respectively, for the year ended December 31, 2023.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 127,730	\$ 141,109	\$ 13,379
Special Revenue	65,500	63,499	(2,001)
Debt Service	1,796,527	3,133,739	1,337,212
Total	\$ 1,989,757	\$ 3,338,347	\$ 1,348,590

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 234,060	\$ 101,647	\$ 132,413
Special Revenue	85,500	113,824	(28,324)
Enterprise	2,008,054	3,155,927	(1,147,873)
Total	\$ 2,327,614	\$ 3,371,398	\$ (1,043,784)

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:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,497,110

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$2,331 in unremitted employee payroll withholdings.

Deposits

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 – Risk Management

Risk Pool Membership

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

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

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

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2023.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
USDA- Mortgage Revenue Bonds	\$ 871,900	2.75%
OPWC- CO18E Waterline Replacement	6,250	0%
OPWC- CT83M Waterline Replacement	150,000	0%
OPWC- CT53S Main Street Lift Station	106,656	0%
OPWC- CT81X WTP Backwash Holding Tank	100,000	0%
OPWC- CT61V Wastewater System Improvements	89,999	0%
Ohio Water Development Authority Loan	904,312	0%
Total	\$ 2,229,117	

The Village issued \$1,060,000 in Water System Mortgage Revenue bonds at 2.75%, to pay off prior OWDA debt. The village will repay the bonds in annual installments over 40 years. Water receipts collateralize the loan. The village has agreed to set utility rate sufficient to cover debt service requirements

The Ohio Public Works Commission (OPWC) loan CO18E relates to a water and sewer plant expansion project to replace water lines. The Village will repay the loans in semiannual interest free installment of \$6,250. The Village transfers General Fund monies to repay debt.

The Ohio Public Works Commission (OPWC) loan CT83M relates to a water and sewer plant expansion project to replace water lines. The Village will repay the loans in semiannual interest free installment of \$4,167. Village has agreed to set utility rates to cover debt requirements.

The Ohio Public Works Commission (OPWC) loan CT53S relates to a Main Street lift station project. The Village will repay the loans in semiannual interest free installment of \$2,222.

The Ohio Public Works Commission (OPWC) loan CT81X relates to the Replacement of the Holding Tank for the Waste Water Treatment Plant. The Village will repay the loan in semiannual interest free installment of \$1,667.

The Ohio Public Works Commission (OPWC) loan CT61V relates to the Wastewater System Improvements project. The Village will repay the loan in semiannual interest fee installment of \$1,499.98.

The Ohio EPA loan relates to the Wastewater System Improvements project. The Village will repay the loan in semiannual installments of \$20,397.42. No amortization schedule was available for scheduling.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	OPWC CO18E	OPWC CT83M	OPWC CT53S	OPWC CT61V	OPWC CT81X	USDA Bonds
2024	\$ 6,250	\$ 8,333	\$ 4,444	\$ 3,000	\$ 3,333	\$ 44,043
2025	-	8,333	4,444	3,000	3,333	44,027
2026	-	8,333	4,444	3,000	3,333	44,061
2027	-	8,333	4,444	3,000	3,333	43,978
2028	-	8,333	4,444	3,000	3,333	44,140
2029-2033	-	41,667	22,220	15,000	16,667	220,096
2034-2038	-	41,667	22,220	15,000	16,667	220,171
2039-2043	-	25,000	22,220	15,000	16,667	220,183
2044-2048	-	-	17,776	15,000	16,667	220,180
2049-2053	-	-	-	15,000	16,667	176,071
Total	<u>\$ 6,250</u>	<u>\$150,000</u>	<u>\$ 106,656</u>	<u>\$ 89,999</u>	<u>\$100,000</u>	<u>\$ 1,276,950</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 340	\$ 50,412	\$ 50,752
<i>Total</i>	<u>\$ 340</u>	<u>\$ 50,412</u>	<u>\$ 50,752</u>

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

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 55,054	\$ -	\$ 55,054
Intergovernmental	44,763	116,704	161,467
Fines, Licenses and Permits	22,303	-	22,303
Earnings on Investments	183	32	215
Miscellaneous	6,195	4,253	10,448
<i>Total Cash Receipts</i>	<u>128,498</u>	<u>120,989</u>	<u>249,487</u>
Cash Disbursements			
Current:			
Security of Persons and Property	23,086	-	23,086
Leisure Time Activities	3,624	-	3,624
Basic Utility Services	5,020	-	5,020
Transportation	-	12,131	12,131
General Government	59,460	-	59,460
Capital Outlay	10,390	-	10,390
<i>Total Cash Disbursements</i>	<u>101,580</u>	<u>12,131</u>	<u>113,711</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,918</u>	<u>108,858</u>	<u>135,776</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	39,768	-	39,768
<i>Total Other Financing Receipts (Disbursements)</i>	<u>39,768</u>	<u>-</u>	<u>39,768</u>
<i>Net Change in Fund Cash Balances</i>	66,686	108,858	175,544
<i>Fund Cash Balances, January 1 (Restated, See Note 14)</i>	<u>165,495</u>	<u>377,749</u>	<u>543,244</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 232,181</u></u>	<u><u>\$ 486,607</u></u>	<u><u>\$ 718,788</u></u>

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

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 580,250
<i>Total Operating Cash Receipts</i>	580,250
Operating Cash Disbursements	
Personal Services	99,930
Employee Fringe Benefits	14,254
Contractual Services	260,081
Supplies and Materials	35,357
Other	1,850
<i>Total Operating Cash Disbursements</i>	411,472
<i>Operating Income (Loss)</i>	168,778
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	1,663,680
Loans Issued	1,373,531
Miscellaneous Receipts	1,418
Capital Outlay	(1,698,570)
Principal Retirement	(1,417,808)
Interest and Other Fiscal Charges	(25,036)
<i>Total Non-Operating Receipts (Disbursements)</i>	(102,785)
<i>Net Change in Fund Cash Balances</i>	65,993
<i>Fund Cash Balances, January 1 (Restated, See Note 14)</i>	1,552,427
<i>Fund Cash Balances, December 31</i>	\$ 1,618,420

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Frankfort (the Village), Ross 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 water and sewer utilities, park operations, and police services. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Concord Township Fire Department to receive fire protection services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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 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.

Brad Lightle Memorial Park Fund The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

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

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

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Water T/Plant Rehabilitation Debt Service Fund The Water T/Plant Rehabilitation Debt Service fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the water treatment plant expansion. A utility surcharge recorded in this fund will repay this loan.

Basis of Accounting

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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, appropriation authority exceeded estimated resources in the Coronavirus Relief fund by \$55,326 for the year ended December 31, 2022. Also contrary to Ohio law, expenditures exceeded appropriation authority in the Water Operating and Water T/ Plant Rehabilitation Debt Service by \$15,783 and \$4,144,202, respectively, for the year ended December 31, 2022.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 110,560	\$ 168,266	\$ 57,706
Special Revenue	53,300	120,989	67,689
Enterprise	506,510	3,618,879	3,112,369
Total	\$ 670,370	\$ 3,908,134	\$ 3,237,764

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 154,211	\$ 101,672	\$ 52,539
Special Revenue	137,855	12,131	125,724
Enterprise	570,247	4,710,159	(4,139,912)
Total	\$ 862,313	\$ 4,823,962	\$ (3,961,649)

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:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,337,208

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$2,641 in unremitted employee payroll withholdings.

Deposits

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 – Risk Management

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

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

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
USDA- Mortgage Revenue Bonds	\$ 891,400	2.75%
OPWC- CO18E Waterline Replacement	18,750	0%
OPWC- CT83M Waterline Replacement	158,332	0%
OPWC- CT53S Main Street Lift Station	111,100	0%
Total	\$ 1,179,582	

The Village issued \$1,060,000 in Water System Mortgage Revenue bonds at 2.75%, to pay off prior OWDA debt. The village will repay the bonds in annual installments over 40 years. Water receipts collateralize the loan. The village has agreed to set utility rate sufficient to cover debt service requirements

The Ohio Public Works Commission (OPWC) loan CO18E relates to a water and sewer plant expansion project to replace water lines. The Village will repay the loans in semi-annual interest free installment of \$6,250. The Village transfers General Fund monies to repay debt.

The Ohio Public Works Commission (OPWC) loan CT83M relates to a water and sewer plant expansion project to replace water lines. The Village will repay the loans in semiannual interest free installment of \$4,167. Village has agreed to set utility rates to cover debt requirements.

The Ohio Public Works Commission (OPWC) loan CT53S relates to a Main Street lift station project. The Village will repay the loans in semi-annual interest free installment of \$2,222.

The Ohio EPA loan relates to the Wastewater System Improvements project. A portion of this loan was issued and forgiven in 2022.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	OPWC CO18E	OPWC CT83M	OPWC CT53S	USDA Bonds
2023	\$ 12,500	\$ 8,333	\$ 4,444	\$ 44,014
2024	6,250	8,333	4,444	44,043
2025	-	8,333	4,444	44,027
2026	-	8,333	4,444	44,061
2027	-	8,333	4,444	43,978
2028-2032	-	41,667	22,220	220,200
2033-2037	-	41,667	22,220	220,189
2038-2042	-	33,332	22,220	220,140
2043-2047	-	-	22,220	220,141
2048-2052	-	-	-	220,193
Total	<u>\$ 18,750</u>	<u>\$ 158,332</u>	<u>\$ 111,100</u>	<u>\$ 1,320,986</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General
Outstanding Encumbrances	\$ 92
<i>Total</i>	<u>\$ 92</u>

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

Note 13 – 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 2022, 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 funding, either federal or state, cannot be estimated.

Village of Frankfort, Ohio
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Restatement of Fund Balances

The following adjustment is reflected in the January 1, 2022 Enterprise fund balance:

	Enterprise Fund
December 31, 2021 audited balance	\$ 1,493,196
To account for checks voided in 2022 from 2021	59,231
January 1, 2022 balance	\$ 1,552,427

The Village made an adjustment to accurately report beginning fund balance.

The following adjustment is reflected in the January 1, 2022 General fund balance:

	General Fund
December 31, 2021 audited balance	\$ 220,385
To account for ARPA money reported in the General Fund	(54,890)
January 1, 2022 balance	\$ 165,495

The Village made an adjustment to accurately report beginning fund balance.

The following adjustment is reflected in the January 1, 2022 Special Revenue fund balance:

	Special Revenue Fund
December 31, 2021 audited balance	\$ 322,859
To account for ARPA money reported in the General Fund	54,890
January 1, 2022 balance	\$ 377,749

The Village made an adjustment to accurately report beginning fund balance.

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

Village of Frankfort
Ross County
P.O. Box 351, 20 N. Main Street
Frankfort, Ohio 45628

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 as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Frankfort, Ross County, (the Village) and have issued our report thereon dated July 31, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion due to the Village being unable to post adjustments between funds.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as item 2023-002 to be a significant deficiency.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Purpose of This Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 31, 2024

VILLAGE OF FRANKFORT
ROSS COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- In 2023 and 2022, Intergovernmental Revenue was mistakenly posted as Debt Proceeds for the OWDA grant portion of the project;
- In 2023 and 2022, loan forgiveness grants were not recorded on the financial statements as Intergovernmental revenue and Principal Retirement;
- In 2022, debt payments were not split properly between principal and interest in the Enterprise Fund;
- In 2023 and 2022, Miscellaneous receipts in the General Fund were recorded as Other Financing Sources;
- In 2022, Sale of Capital Asset receipts were posted to Other Financing Sources;
- In 2022, Intergovernmental receipts in the General Fund were recorded as Property and Other Local Taxes; and
- In 2023 and 2022, ARPA funding was receipted to and expensed from the General Fund when it should have been recorded in it's own Special Revenue Fund.

Not posting disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of disbursement accounts and posting of disbursements.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF FRANKFORT
ROSS COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-002

Significant Deficiency/ Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing Council expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources; and
- Violations of 5705.41(B) indicating budgetary expenditures cannot exceed appropriation authority.

The Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If the Council does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Village Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

In 2023, the Village had violations in 5705.41(B) in the Water T/ Plant Rehabilitation Debt Service and Street Construction Maintenance and Repair funds by \$1,229,474 and \$31,896, respectively.

In 2022, the Village had violations of 5705.41(B) in the Water Operating and Water T/ Plant Rehabilitation Debt Service by \$15,783 and \$4,144,202, respectively. Also in 2022, the Village had violations of 5705.39 in the Coronavirus Fund by \$55,326.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment. The Village should implement procedures to properly approve all interfund activity such as transfers to improve financial reporting and accountability.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF FRANKFORT
ROSS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Ohio Revised Code Section 5705.39, 5705.14, and 5705.36	Partially Corrected	Repeated as Finding 2023-002
2021-003	Ohio Revised Code Section 149.43	Partially Corrected	Moved to Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FRANKFORT

ROSS 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 10/10/2024

65 East State 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