



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF HUNTSVILLE
LOGAN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Huntsville
PO Box 107
Huntsville, Ohio 43324

We have reviewed the *Independent Auditor's Report* of the Village of Huntsville, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

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.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. **Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010)***. The law requires that employers withhold income and wage taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See **26 U.S.C. §§ 3102(a) and 3402(a)**. Those withholdings are considered to be held in "a special fund in trust for the United States." **26 U.S.C. § 7501(a)**. The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See ***United States v. Farr, 536 F.3d 1174, 1176 (10th Circ. 2008)*** (citing **26 U.S.C. § 3403**).

Due to insufficient policies and procedures, during 2021 and 2022, the Village incurred Internal Revenue Service (IRS) untimely remittance penalties and interest charges in the amount of \$9,316.24 due to untimely report and payment submissions from 2016, 2017, and 2018. During her time in office, former Fiscal Officer Lori Fisher was responsible for withholding and remitting the required income taxes from employee earnings. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the submissions been remitted by the required due dates. Former Township Fiscal Officer Lori Fisher received or controlled the public money used to make the expenditures.

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 former Fiscal Officer Lori Fisher and her bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$9,316, and

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in favor of the Village of Huntsville General Fund, Street Construction Maintenance and Repair Fund, and Ambulance-Other Special Revenue Fund, in the amounts of \$8,139, \$923, and \$254, respectively.

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 Huntsville is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

March 13, 2024

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Huntsville
Logan County
PO Box 107
Huntsville, Ohio 43324

To the Governing Body:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 October 24, 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.



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

October 24, 2023

**VILLAGE OF HUNTSVILLE
LOGAN 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	Capital Projects	Permanent	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$ 14,441	\$ -	\$ -	\$ -	\$ 14,441
Municipal Income Tax	105,048	-	-	-	105,048
Intergovernmental	19,400	56,322	4,710	-	80,432
Charges for Services	40,001	42,661	-	-	82,662
Fines, Licenses and Permits	2,421	-	-	-	2,421
Earnings on Investments	1,089	-	-	-	1,089
Miscellaneous	8,614	2,902	-	-	11,516
<i>Total Cash Receipts</i>	<u>191,014</u>	<u>101,885</u>	<u>4,710</u>	<u>-</u>	<u>297,609</u>
Cash Disbursements					
Current:					
Security of Persons and Property	95,223	89,095	3,821	-	188,139
Public Health Services	4,544	-	-	-	4,544
Leisure Time Activities	9,083	-	-	-	9,083
Community Environment	935	-	-	-	935
Basic Utility Services	1,821	-	-	-	1,821
Transportation	10,548	36,458	-	-	47,006
General Government	75,472	268	-	-	75,740
Capital Outlay	746	2,815	889	-	4,450
<i>Total Cash Disbursements</i>	<u>198,372</u>	<u>128,636</u>	<u>4,710</u>	<u>-</u>	<u>331,718</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,358)</u>	<u>(26,751)</u>	<u>-</u>	<u>-</u>	<u>(34,109)</u>
Other Financing Receipts					
Sale of Capital Assets	-	5,000	-	-	5,000
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,358)</u>	<u>(21,751)</u>	<u>-</u>	<u>-</u>	<u>(29,109)</u>
<i>Fund Cash Balances, January 1</i>	<u>49,998</u>	<u>137,954</u>	<u>219</u>	<u>272,000</u>	<u>460,171</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 42,640</u>	<u>\$ 116,203</u>	<u>\$ 219</u>	<u>\$ 272,000</u>	<u>\$ 431,062</u>

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 – Reporting Entity

The Village of Huntsville (the Village), Logan 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 park operations and contracts with the Logan County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department and has a self-funded volunteer EMT/ambulance service.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that 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 which is 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – 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.

State Highway Fund – The State Highway 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 the state highway within the Village.

American Rescue Plan Fund – This fund receives ARP monies for expenses related to the COVID-19 pandemic and the continuing emergency measures.

Ambulance Fund – The Ambulance Fund accounts for revenue received through services provided by the Huntsville EMS.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Other Capital Projects Fund – The Village receives grants that are restricted for the purchase of equipment.

Permanent Funds - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Public Utility Proceeds Fund – This fund was established when the Village sold its utilities. The interest earned is used for the general operations of the Village per ordinance 330.

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, and 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2022 budgetary activity appears in Note 3.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 3 – 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	\$ 172,269	\$ 191,014	\$ 18,745
Special Revenue	93,982	106,885	12,903
Capital Projects	4,710	4,710	-
Total	\$ 270,961	\$ 302,609	\$ 31,648

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 200,970	\$ 199,452	\$ 1,518
Special Revenue	132,097	129,094	3,003
Capital Projects	4,929	4,710	219
Total	\$ 337,996	\$ 333,256	\$ 4,740

Note 4 - Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2022 was as follows:

	2022
Demand deposits	\$ 159,062
Certificates of deposit	272,000
Total deposits	\$ 431,062

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$1,528 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository 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 HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2022, consisted of \$3,985 advanced to the Street Construction, Maintenance and Repair Fund from the General Fund to cover street department payroll.

Note 7 – Risk Management

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

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

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

Some 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 healthcare and survivor and disability benefits.

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

Social Security

Several employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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.

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Public Utility Proceeds	\$ -	\$ -	\$ 272,000	\$ 272,000
Outstanding Encumbrances	<u>1,080</u>	<u>458</u>	<u>-</u>	<u>1,538</u>
<i>Total</i>	<u>\$ 1,080</u>	<u>\$ 458</u>	<u>\$ 272,000</u>	<u>\$ 273,538</u>

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

**VILLAGE OF HUNTSVILLE
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 14,560	\$ -	\$ -	\$ -	\$ 14,560
Municipal Income Tax	96,917	-	-	-	96,917
Intergovernmental	18,376	55,558	26,730	-	100,664
Charges for Services	59,999	52,065	-	-	112,064
Fines, Licenses and Permits	2,288	-	-	-	2,288
Earnings on Investments	2,842	5	-	-	2,847
Miscellaneous	6,741	250	-	-	6,991
<i>Total Cash Receipts</i>	<u>201,723</u>	<u>107,878</u>	<u>26,730</u>	<u>-</u>	<u>336,331</u>
Cash Disbursements					
Current:					
Security of Persons and Property	83,878	25,296	-	-	109,174
Public Health Services	4,566	-	-	-	4,566
Leisure Time Activities	9,590	-	-	-	9,590
Community Environment	581	-	-	-	581
Basic Utility Services	1,684	-	-	-	1,684
Transportation	7,777	16,173	-	-	23,950
General Government	82,253	1,195	-	-	83,448
Capital Outlay	626	20,842	36,309	-	57,777
<i>Total Cash Disbursements</i>	<u>190,955</u>	<u>63,506</u>	<u>36,309</u>	<u>-</u>	<u>290,770</u>
<i>Net Change in Fund Cash Balances</i>	10,768	44,372	(9,579)	-	45,561
<i>Fund Cash Balances, January 1</i>	<u>39,230</u>	<u>93,582</u>	<u>9,798</u>	<u>272,000</u>	<u>414,610</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 49,998</u>	<u>\$ 137,954</u>	<u>\$ 219</u>	<u>\$ 272,000</u>	<u>\$ 460,171</u>

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Reporting Entity

The Village of Huntsville (the Village), Logan 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 park operations and contracts with the Logan County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department and has a self-funded volunteer EMT/ambulance service.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that 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 which is 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – 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.

State Highway Fund – The State Highway 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 the state highway within the Village.

Ambulance Fund – The Ambulance Fund accounts for revenue received through services provided by the Huntsville EMS.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Other Capital Projects Fund – The Village receives grants that are restricted for the purchase of equipment.

Permanent Funds - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Public Utility Proceeds Fund – This fund was established when the Village sold its utilities. The interest earned is used for the general operations of the Village per ordinance 330.

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, and 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2021 budgetary activity appears in Note 3.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 162,100	\$ 201,723	\$ 39,623
Special Revenue	108,859	107,878	(981)
Capital Projects	26,730	26,730	-
Total	\$ 297,689	\$ 336,331	\$ 38,642

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 201,078	\$ 195,660	\$ 5,418
Special Revenue	79,781	64,272	15,509
Capital Projects	36,528	36,309	219
Total	\$ 317,387	\$ 296,241	\$ 21,146

Note 4 - Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2021 was as follows:

	2021
Demand deposits	\$ 188,171
Certificates of deposit	272,000
Total deposits	\$ 460,171

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$1,417 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository 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 HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2021, consisted of \$3,985 advanced to the Street Construction, Maintenance and Repair Fund from the General Fund to cover street department payroll.

Note 7 – Risk Management

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

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

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

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$ 14,974,099

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 healthcare and survivor and disability benefits.

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

Social Security

Several employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

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 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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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.

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	Special Revenue	Permanent	Total
Nonspendable:				
Public Utility Proceeds	\$ -	\$ -	\$ 272,000	\$ 272,000
Outstanding Encumbrances	4,705	766	-	5,471
<i>Total</i>	\$ 4,705	\$ 766	\$ 272,000	\$ 277,471

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

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

Village of Huntsville
Logan County
PO Box 107
Huntsville, Ohio 43324

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Huntsville, Logan County, (the Village) and have issued our report thereon dated October 24, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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 audit 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 deficiency described in the accompanying schedule of audit findings as item 2022-001 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 deficiency described in the accompanying schedule of audit findings as item 2022-002 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 audit findings as item 2022-003.

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

October 24, 2023

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- Rollback receipts were misclassified as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2022 and 2021;
- Gasoline tax and auto license tax receipts were not properly allocated between the Street and State Highway Funds in 2022 and 2021;
- A receipt for the sale of EMS equipment was incorrectly classified as Miscellaneous instead of Sale of Capital Assets in the Ambulance Fund in 2022;
- An income tax receipt was incorrectly posted to the Ambulance Fund instead of the General Fund in 2021; and
- The Public Utility Proceeds Fund was incorrectly presented as a Special Revenue Fund instead of a Permanent Fund in 2022 and 2021.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The Village has made the adjustments to their accounting system. The financial statements reflect all reclassifications and adjustments.

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-002

Significant Deficiency

Ambulance Billings and Collections

To help ensure receipts generated from ambulance runs are adequate to cover expenses, Council should approve the fees to be charged. When contracting with a third party administrator (service organization) for processing ambulance runs, the Village should require the service organization to obtain a report on its systems and controls (SOC 1 report). The Village should also receive reports from the service organization to allow for the monitoring of billings and collections. In addition, Council should approve the write-off of uncollectible accounts.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002 (CONTINUED)

Ambulance Billings and Collections (Continued)

During 2022 and 2021, the following deficiencies were identified in the billing and collection of ambulance run receipts:

- The service organization did not receive any type of report on its systems and controls; and
- The only reports received from the service organization were the Credit Detail Report and the Credit Summary Report, which showed actual payments by accounts. There were no reports received that would indicate if individuals were being charged the correct rates approved by the Village Council.

These deficiencies affected the Village's ability to effectively manage and monitor the billing and collection of receipts from ambulance runs. Other alternative procedures were performed to gain assurance over these receipts.

The Village Council should approve the fees to be charged and the write-offs of uncollectible accounts. The service organization should be asked to obtain an annual report on its systems and controls (SOC 1 report). If the service organization does not receive a SOC 1 report on its internal control system, consideration should be given as to what additional controls can be implemented by the Village to help detect billing and collection errors. In addition, the Village should request billing and accounts receivable reports from the service organization.

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

FINDING NUMBER 2022-003

Noncompliance

Prior Certification of Disbursements

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-003 (CONTINUED)

Prior Certification of Disbursements (Continued)

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

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

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

The Village did not properly certify the availability of funds prior to purchase commitment for 50% and 51% of the expenditures tested for 2022 and 2021, respectively.

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

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

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

**VILLAGE OF HUNTSVILLE
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Bank Reconciliations	Corrected	N/A
2020-003	Budgetary Controls	Not Corrected	Repeated as Finding 2022-003
2020-004	Federal Withholding Remittances	Corrected	N/A
2020-005	ORC 145.47	Corrected	N/A
2020-006	Billings and Collections	Not Corrected	Repeated as Finding 2022-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HUNTSVILLE

LOGAN 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 3/26/2024

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

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