



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

---

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

---

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920  
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319  
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639  
PO Box 325 • 618 Tenth Street, Suite 103 • Huntington, WV 25708 • (304) 521-2648 • FAX (888) 900-1264

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of Lithopolis  
11820 Lithopolis Road  
Lithopolis, OH 43136

We have reviewed the *Independent Auditor's Report* of the Village of Lithopolis, Fairfield County, prepared by BHM CPA Group, Inc., 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.

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 Lithopolis is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**April 01, 2024**

**This page intentionally left blank.**

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Basic Financial Statements:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2022.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2022.....	5
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2022.....	6
Notes to the Financial Statements For the Year Ended December 31, 2022.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2021.....	16
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Fiscal Year Ended December 31, 2021.....	17
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Fiscal Year Ended December 31, 2021.....	18
Notes to the Financial Statements For the Year Ended December 31, 2021.....	19
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	28
Schedule of Findings.....	30
Summary Schedule of Prior Audit Findings.....	33

**This page intentionally left blank.**



**INDEPENDENT AUDITOR'S REPORT**

Village of Lithopolis  
Fairfield County  
11820 Lithopolis Road  
P.O. Box 278  
Lithopolis, Ohio 43136

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Lithopolis, Fairfield County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the 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 and proprietary fund type and the fiduciary fund type combined total 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.

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 March 1, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
March 1, 2024

**VILLAGE OF LITHOPOLIS  
FAIRFIELD 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 97,928	\$ -	\$ -	\$ 97,928
Municipal Income Tax	790,703	-	-	790,703
Intergovernmental	61,657	229,638	-	291,295
Special Assessments	-	75,910	-	75,910
Charges for Services	10	-	-	10
Fines, Licenses, and Permits	476,087	1,447	-	477,534
Earnings on Investments	2,930	-	-	2,930
Miscellaneous	16,529	-	50,886	67,415
	<u>1,445,844</u>	<u>306,995</u>	<u>50,886</u>	<u>1,803,725</u>
<b>Total Cash Receipts</b>				
	<u>1,445,844</u>	<u>306,995</u>	<u>50,886</u>	<u>1,803,725</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	281,846	1,752	-	283,598
Public Health Services	10,688	-	-	10,688
Leisure Time Activities	-	36,425	-	36,425
Community Environment	2,600	-	-	2,600
Transportation	-	311,659	-	311,659
General Government	431,594	-	651	432,245
Capital Outlay	-	48,779	30,000	78,779
Debt Service:				
Principal Retirement	87,273	29,931	-	117,204
Interest and Fiscal Charges	87,296	1,920	-	89,216
	<u>901,297</u>	<u>430,466</u>	<u>30,651</u>	<u>1,362,414</u>
<b>Total Cash Disbursements</b>				
	<u>901,297</u>	<u>430,466</u>	<u>30,651</u>	<u>1,362,414</u>
Excess of Receipts Over/(Under) Disbursements	544,547	(123,471)	20,235	441,311
<b>Other Financing Receipts (Disbursements):</b>				
Proceeds from Debt	-	48,779	-	48,779
Transfers-In	-	226,749	-	226,749
Transfers-Out	(306,749)	-	-	(306,749)
Other Financing Sources	12,938	-	-	12,938
Other Financing Uses	-	(7,228)	-	(7,228)
	<u>(293,811)</u>	<u>268,300</u>	<u>-</u>	<u>(25,511)</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
	<u>(293,811)</u>	<u>268,300</u>	<u>-</u>	<u>(25,511)</u>
Net Change in Fund Cash Balances	250,736	144,829	20,235	415,800
Fund Cash Balances, January 1	<u>1,471,052</u>	<u>351,409</u>	<u>148,348</u>	<u>1,970,809</u>
Fund Cash Balances, December 31	<u>\$ 1,721,788</u>	<u>\$ 496,238</u>	<u>\$ 168,583</u>	<u>\$ 2,386,609</u>

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

**VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,021,422
Miscellaneous	18
	1,021,440
Total Operating Cash Receipts	1,021,440
<b>Operating Cash Disbursements:</b>	
Personal Services	112,046
Fringe Benefits	71,796
Contractual Services	818,393
Supplies and Materials	123,206
	1,125,441
Total Operating Cash Disbursements	1,125,441
Operating Income (Loss)	(104,001)
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	35,706
Miscellaneous Receipts	96,550
Capital Outlay	(241,878)
Principal Retirement	(172,494)
Interest and Fiscal Charges	(246,721)
Other Financing Sources	261
	(528,576)
Total Non-Operating Cash Receipts (Disbursements)	(528,576)
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	(632,577)
Capital Contributions	1,036,197
Transfers In	80,000
	483,620
Net Change in Fund Cash Balances	483,620
Fund Cash Balances, January 1	811,328
	811,328
Fund Cash Balances, December 31	\$ 1,294,948

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

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2022

---

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits	14,055
Total Additions	14,055
<b>Deductions</b>	
Other	15,693
Total Deductions	15,693
Net Change in Fund Cash Balances	(1,638)
Fund Cash Balances, January 1	1,650
Fund Cash Balances, December 31	<u>\$ 12</u>

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

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 1 – Reporting Entity**

The Village of Lithopolis (the Village), Fairfield 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, sewer, and refuse utilities, park operations, fire/EMS services and police services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

***Local Fiscal Recovery Fund*** - The Coronavirus Relief Fund is for infrastructure (water and sewer) enhancements throughout the Village.

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

***TIF Capital Improvement Fund*** – This fund was established to account for the proceeds from TIF funding and expenditures for capital outlay.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

---

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

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

**Sewer Fund** - The sewer fund account is for the provision of storm sewer services to the residents and commercial users within the Village.

**Solid Waste Fund** - This fund receives charges for services from residents to cover cost of garbage services.

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

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 (except certain custodial funds) be budgeted annually.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

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

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

**Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**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 10.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31<sup>st</sup>, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$737,250	\$1,458,782	\$721,532
Special Revenue	471,716	582,523	110,807
Capital Projects	8,000	50,886	42,886
Enterprise	1,852,692	2,270,154	417,462
<b>Total</b>	<b>\$3,069,658</b>	<b>\$4,362,345</b>	<b>\$1,292,687</b>



**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,481,995	\$1,208,046	\$273,949
Special Revenue	484,825	437,694	47,131
Capital Projects	52,500	30,651	21,849
Enterprise	2,292,365	1,786,534	505,831
Total	\$4,311,685	\$3,462,925	\$848,760

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2022
Demand deposits	\$ 3,681,569

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 \$0.00 in unremitted employee payroll withholdings.

***Deposits***

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

At December 31, 2022, \$0.00 of deposits were not insured or collateralized, contrary to Ohio law.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 5 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 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 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

There are Seventeen (17) Village employees belonging 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.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

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.

***Ohio Police and Fire Retirement System***

There are three (3) Village employees belonging to the Ohio Police & Fire Retirement System (OP&F). The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

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

	Principal	Interest Rate
General Obligation Lease	\$35,366	6.74%
Enterprise Obligation Lease	\$459,592	2.62%
Enterprise Obligation Loan	\$52,369	2.75%
Enterprise Promissory Note	\$283,636	0.00%
OPWC Loans	\$1,128,805	0.00%
OWDA Loan	\$1,681,562	4.35%
Total	\$3,641,330	

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

Columbus Street Reconstruction Plan B Project - This loan is with Ohio Public Works Commission (OPWC), Loan # CQ10N. The loan was established in 2012 for the Reconstruction of Columbus Street in the amount of \$655,250. The loan will be and has been paid in Bi-Annual payments except for the July 2020 waiver do to the COVID-19 pandemic crisis in the amount of \$10,920.83. Payoff is scheduled for January of 2043.

Columbus Street Reconstruction Phase II and III Projects - This loan is with Ohio Public Works Commission (OPWC), Loan # CQ26S. The loan was established in 2016 for the Reconstruction of Columbus Street in the amount of \$833,940. The loan will be and has been paid in Bi-Annual payments except for the July 2020 waiver do to the COVID-19 pandemic crisis in the amount of \$13,899.00. Payoff is scheduled for January of 2043.

The Ohio Water Development Authority (OWDA) loan #3920 relates to the water system improvements and was awarded in July of 2003 in the amount, not to exceed, of \$3,000,000 with payments beginning January 2005. This loan matures July 1, 2034.

Maintenance Dump Truck – This loan is with Vinton County National Bank, Loan # 2006376655. It was established in November of 2020 for the purchase of a Maintenance Dump Truck in the amount of \$84,959.00. The loan will be and has been paid in annual payments of \$18,439.14. Payoff is scheduled for November of 2025.

***Leases***

General Obligation Lease for the purchase of a Police Cruiser in September of 2022 with the payments of \$13,412.47 annually. Final payment will be due 09/30/2025.

Enterprise Obligation Lease for the purchase of AMI Meters in October of 2021 with the payments of \$83,774.10 paid annually. Final payment is scheduled for 10/12/2028.

***Financed Purchases***

Enterprise Promissory note for the purchase of 21.85 acres of land in May 2021 with the payments of \$7,272.73 paid monthly. Final payment will be due 03/01/2026.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

***Amortization***

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

Year Ending December 31:	General Obligation Lease	Enterprise Obligation Lease	Enterprise Obligation Loan	Enterprise Promissory Note	OPWC Loans	OWDA Loan
2023	\$13,412	\$83,774	\$18,440	\$87,273	\$49,640	\$175,566
2024	\$13,412	\$83,774	\$18,440	\$87,273	\$49,640	\$175,953
2025	\$13,413	\$83,774	\$18,439	\$87,273	\$49,640	\$176,357
2026	\$0	\$83,774	\$0	\$21,817	\$49,640	\$176,779
2027	\$0	\$83,774	\$0	\$0	\$49,640	\$177,219
2028-2032	\$0	\$83,775	\$0	\$0	\$248,198	\$893,408
2033-2037	\$0	\$0	\$0	\$0	\$248,198	\$361,192
2038-2042	\$0	\$0	\$0	\$0	\$248,198	\$0
2043-2047	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$136,011</u>	<u>\$0</u>
Total	<u>\$40,237</u>	<u>\$502,645</u>	<u>\$55,319</u>	<u>\$283,636</u>	<u>\$1,128,805</u>	<u>\$2,136,474</u>

**Note 10 – Fund Balances**

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

**Note 11 – COVID-19**

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**VILLAGE OF LITHOPOLIS  
FAIRFIELD 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 104,184	\$ -	\$ -	\$ 104,184
Municipal Income Tax	735,109	-	-	735,109
Intergovernmental	44,730	206,983	-	251,713
Special Assessments	-	3,867	-	3,867
Charges for Services	600	-	-	600
Fines, Licenses, and Permits	256,780	94,487	-	351,267
Earnings on Investments	2,523	-	-	2,523
Miscellaneous	106,079	-	46,431	152,510
	<u>1,250,005</u>	<u>305,337</u>	<u>46,431</u>	<u>1,601,773</u>
<b>Total Cash Receipts</b>				
	<u>1,250,005</u>	<u>305,337</u>	<u>46,431</u>	<u>1,601,773</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	290,904	1,958	-	292,862
Public Health Services	4,911	-	-	4,911
Leisure Time Activities	-	128,142	-	128,142
Community Environment	2,000	-	-	2,000
Transportation	-	238,218	-	238,218
General Government	429,746	746	581	431,073
Capital Outlay	370,909	-	-	370,909
Debt Service:				
Principal Retirement	21,818	16,071	-	37,889
Interest and Fiscal Charges	41,820	2,368	-	44,188
	<u>1,162,108</u>	<u>387,503</u>	<u>581</u>	<u>1,550,192</u>
<b>Total Cash Disbursements</b>				
	<u>1,162,108</u>	<u>387,503</u>	<u>581</u>	<u>1,550,192</u>
Excess of Receipts Over/(Under) Disbursements	87,897	(82,166)	45,850	51,581
<b>Other Financing Receipts (Disbursements):</b>				
Proceeds from Debt	392,727	-	-	392,727
Transfers-In	-	150,000	-	150,000
Transfers-Out	(150,000)	-	-	(150,000)
Other Financing Sources	17,471	-	-	17,471
Other Financing Uses	-	(93,175)	-	(93,175)
	<u>260,198</u>	<u>56,825</u>	<u>-</u>	<u>317,023</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
	<u>260,198</u>	<u>56,825</u>	<u>-</u>	<u>317,023</u>
Net Change in Fund Cash Balances	348,095	(25,341)	45,850	368,604
Fund Cash Balances, January 1	<u>1,122,957</u>	<u>376,750</u>	<u>102,498</u>	<u>1,602,205</u>
Fund Cash Balances, December 31	<u>\$ 1,471,052</u>	<u>\$ 351,409</u>	<u>\$ 148,348</u>	<u>\$ 1,970,809</u>

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

**VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY**

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,043,190
Miscellaneous	1,646
	1,044,836
Total Operating Cash Receipts	1,044,836
<b>Operating Cash Disbursements:</b>	
Personal Services	117,441
Fringe Benefits	52,404
Contractual Services	521,298
Supplies and Materials	90,431
	781,574
Total Operating Cash Disbursements	781,574
Operating Income (Loss)	263,262
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	-
Sale of Notes	-
Proceeds from Debt	529,493
Miscellaneous Receipts	7,401
Capital Outlay	(540,977)
Principal Retirement	(201,879)
Interest and Fiscal Charges	(292,681)
Other Financing Sources	2,251
	(496,392)
Total Non-Operating Cash Receipts (Disbursements)	(496,392)
Income (Loss) before Capital Contributions, Special Items, Extraordinary Items, Transfers and Advances	(233,130)
Capital Contributions	124,934
Transfers In	-
	(108,196)
Net Change in Fund Cash Balances	(108,196)
Fund Cash Balances, January 1	919,524
Fund Cash Balances, December 31	\$ 811,328

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



**VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY**

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

---

	<b>Fiduciary Fund Types</b>
	<b>Custodial</b>
<b>Operating Cash Receipts:</b>	
Fines, Licenses and Permits	14,649
Total Operating Cash Receipts	14,649
<b>Operating Cash Disbursements:</b>	
Other	15,260
Total Operating Cash Disbursements	15,260
Operating Income (Loss)	(611)
Net Change in Fund Cash Balances	(611)
Fund Cash Balances, January 1	2,261
Fund Cash Balances, December 31	\$ 1,650

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

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 1 – Reporting Entity**

The Village of Lithopolis (the Village), Fairfield 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 refuse utilities, park operations, fire/EMS and police services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

***Permissive Motor Vehicle License Tax Fund*** the Permissive Motor Vehicle License Tax Fund is for the maintenance of village streets.

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

***TIF Capital Improvement Fund*** – This fund was established to account for the proceeds from TIF funding and expenditures for capital outlay.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**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. The Village had the following significant Enterprise Funds:

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

**Sewer Fund** - The stormwater fund accounts for the provision of stormwater services to the residents and commercial users within the Village.

**Solid Waste Fund** – This fund receives charges for services from residents to cover the cost of garbage services.

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

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

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

***Basis of Accounting***

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

***Budgetary Process***

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

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

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

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

**Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**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 10.

**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	\$630,550	\$1,660,203	\$1,029,653
Special Revenue	433,527	455,337	21,810
Capital Projects	8,000	46,431	38,431
Enterprise	1,279,104	1,708,915	429,811
Total	\$2,351,181	\$3,870,886	\$1,519,705

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,135,371	\$1,312,108	(\$176,737)
Special Revenue	547,188	480,678	66,510
Capital Projects	67,500	581	66,919
Enterprise	1,382,191	1,817,051	(\$434,860)
Total	\$3,132,250	\$3,610,418	(\$478,168)

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2021</u>
Demand deposits	<u>\$ 2,783,787</u>

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, 2021, the village is holding \$100.00 in unremitted employee payroll withholdings.

***Deposits***

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

At December 31, 2021, \$0 of the deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***Income Taxes***

The Village levies a municipal income tax of 1 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 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Nineteen (19) Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

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

***Ohio Police and Fire Retirement System***

Three (3) Village employees belong to the Ohio Police & Fire Retirement System (OP&F). The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24.5 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

---

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

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

	Principal	Interest Rate
Enterprise Obligation Lease	\$529,493	2.62%
Enterprise Obligation Loan	\$68,888	2.75%
Enterprise Promissory Note	\$370,909	0.00%
OPWC Loans	\$1,178,445	0.00%
OWDA Loan	\$1,734,515	4.35%
Total	<u>\$3,882,250</u>	



**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

Columbus Street Reconstruction Plan B Project - This loan is with Ohio Public Works Commission (OPWC), Loan # CQ10N. The loan was established in 2012 for the Reconstruction of Columbus Street in the amount of \$655,250. The loan will be and has been paid in Bi-Annual payments except for the July 2020 waiver do to the COVID-19 pandemic crisis in the amount of \$10,920.83. Payoff is scheduled for January of 2043.

Columbus Street Reconstruction Phase II and III Projects - This loan is with Ohio Public Works Commission (OPWC), Loan # CQ26S. The loan was established in 2016 for the Reconstruction of Columbus Street in the amount of \$833,940. The loan will be and has been paid in Bi-Annual payments except for the July 2020 waiver do to the COVID-19 pandemic crisis in the amount of \$13,899.00. Payoff is scheduled for January of 2043.

The Ohio Water Development Authority (OWDA) loan #3920 relates to the water system improvements and was awarded in July of 2003 in the amount, not to exceed, of \$3,000,000 with payments beginning January 2005. This loan matures July 1, 2034.

Maintenance Dump Truck – This loan is with Vinton County National Bank, Loan # 2006376655. It was established in November of 2020 for the purchase of a Maintenance Dump Truck in the amount of \$84,959.00. The loan will be and has been paid in annual payments of \$18,439.14. Payoff is scheduled for November of 2025

***Leases***

Enterprise Obligation Lease for the purchase of AMI Meters in October of 2021 with the payments of \$83,774.10 paid annually. Final payment is scheduled for 10/12/2028.

***Financed Purchases***

Enterprise Promissory note for the purchase of 21.85 acres of land in May 2021 with the payments of \$7,272.73 paid monthly. Final payment will be due 03/01/2026.

**Village of Lithopolis, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

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

Year Ending December 31:	Enterprise Obligation Lease	Enterprise Obligation Loan	Enterprise Promissory Note	OPWC Loans	OWDA Loan
2022	\$83,774	\$18,440	\$87,273	\$49,640	\$175,195
2023	\$83,774	\$18,440	\$87,273	\$49,640	\$175,566
2024	\$83,774	\$18,440	\$87,273	\$49,640	\$175,953
2025	\$83,774	\$18,439	\$87,273	\$49,640	\$176,357
2026	\$83,774	\$0	\$21,817	\$49,640	\$176,779
2027-2031	\$167,549	\$0	\$0	\$248,198	\$890,898
2032-2036	\$0	\$0	\$0	\$248,198	\$540,921
2037-2041	\$0	\$0	\$0	\$248,198	\$0
2042-2046	\$0	\$0	\$0	\$171,753	\$0
2047	\$0	\$0	\$0	\$13,898	\$0
Total	\$586,419	\$73,759	\$370,909	\$1,178,445	\$2,311,669

**Note 10 – Fund Balances**

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

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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

Village of Lithopolis  
Fairfield County  
11820 Lithopolis Road  
P.O. Box 278  
Lithopolis, Ohio 43136

To the Village Council:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Lithopolis, Fairfield County, (the Village) and have issued our report thereon dated March 1, 2024, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

### ***Village's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### ***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.



BHM CPA Group, Inc.  
Piketon, Ohio  
March 1, 2024

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

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

**FINDING NUMBER 2022-001**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit and have not been prevented or detected by the Village’s internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax Revenues,
- Intergovernmental Revenues,
- Miscellaneous Revenues,
- Charges for Services,
- Debt Proceeds,
- Principal Payments Disbursements,
- Interest and Fiscal Charges Disbursements,
- General Government Disbursements,
- Supplies and Materials Disbursements,
- Contractual Services Disbursements,
- Capital Outlay Disbursements,
- Mayors Court Revenues,
- Mayors Court Disbursements

All of the above noted adjustments have been posted to the financial statements.

To ensure the Village’s financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer’s Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Client Response:** The Village acknowledges the previous Fiscal Officers made material misstatements with regard to revenue and expenses and has worked diligently with the auditors to ensure that these errors have been properly classified. Council now has more oversight of spending to prevent the Mayor and Fiscal Officer from misspending appropriated funds.

**FINDING NUMBER 2022-002**

**Material Weakness/Material Noncompliance – 5705.41(D)**

Ohio Rev. Code § 5705.41 (D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. 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 LITHOPOLIS  
FAIRFIELD COUNTY

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

“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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 Village.

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.

Super Blanket Certificate – The Village 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. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also 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 funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

The Village’s Fiscal Officer did not certify the availability of funds prior to making commitments during 2022 for 85% of disbursements tested and during 2021 for 81% of disbursements tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The Village’s Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code § 5705.41(D) requires to authorize disbursements.

**Client Response:** We did not receive a response from the client to this finding.

**FINDING NUMBER 2022-003**

**Material Weakness – Mayor’s Court**

The Village does not record the total activity for the Mayor’s Court on the Village’s books. The Mayor’s Court records are kept separate from the Village’s books, and each month a check is written to the Village for its portion of the fines and fees. This practice does not report the Village’s entire activity on the financial statements, which could result in the Mayor’s Court activity being overlooked and not being reviewed or monitored by Council.

For 2021, \$14,649 of receipts and \$15,260 of disbursements were adjusted to the custodial fund's financial statement to reflect the Mayor's Court activity.

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

For 2022, \$14,055 of receipts and \$15,693 of disbursements were adjusted to the custodial fund's financial statement to reflect the Mayor's Court activity.

The fines and costs should be originally recorded in a Custodial Fund, and then only the portion of fines and costs due to the Village should be recorded as a receipt in the General Fund to clearly account for the portion of court receipts that legally belong to the Village. The fines and costs due to the state should also be paid from this Custodial Fund. This will allow for the entire activity of the Village to be included on the Village's books, and for Council to review the activity, and will help ensure more accurate financial statements.

**Client Response:** We did not receive a response from the client to this finding.

**FINDING NUMBER 2022-004**

**Material Weakness – Bank Reconciliations**

Accurate reconciliation procedures are a key component of an effective accounting system required to enable the Village to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

Errors were identified during the process of reconciling the Village's accounts to the bank balances for the years ended December 31, 2021 and 2022. As a result, adjustments were made to fund balances, receipts, and disbursements in 2021 and 2022.

Untimely recording of transactions and inaccurate reconciliations reduce management's ability to monitor Village assets and funds and increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the Village ensure that monthly reconciliations are performed timely and all variances between the book and the bank are identified and resolved during the reconciliation process. We also recommend that the monthly reconciliations be included in the financial packet presented to Council and that Council review and sign off on these reconciliations noting this review and approval. We further recommend that all transactions be posted to the accounting system timely.

**Client Response:** We did not receive a response from the client to this finding.

**Village of Lithopolis  
Fairfield County  
Summary Schedule of Prior Audit Findings  
December 31, 2022 and 2021**

---

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2022-001
2020-002	Material Weakness/Material Noncompliance – 5705.41(D)	Not Corrected	Reissued as Finding 2022-002
2020-003	Material Weakness – Mayor’s Court	Not Corrected	Reissued as Finding 2022-003
2020-004	Material Weakness – Bank Reconciliations	Not Corrected	Reissued as Finding 2022-004



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LITHOPOLIS**

**FAIRFIELD 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 4/11/2024**

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](http://www.ohioauditor.gov)