



**VILLAGE OF HUNTSVILLE
LOGAN COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750
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1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
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KEITH FABER



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Board of Trustees
Village of Huntsville
PO Box 107
Huntsville, OH 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, 2017 through December 31, 2018. 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 Huntsville 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

February 19, 2020

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VILLAGE OF HUNTSVILLE
LOGAN COUNTY

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

November 14, 2019

Village of Huntsville
Logan County
P.O. Box 107
Huntsville, Ohio 43324

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Huntsville**, Logan County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Huntsville, Logan County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**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, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$ 10,395	\$ -	\$ -	\$ -	\$ 10,395
Municipal Income Tax	89,344	-	-	-	89,344
Intergovernmental	15,934	22,492	5,022	-	43,448
Charges for Services	30,007	26,417	-	-	56,424
Fines, Licenses and Permits	2,110	-	-	-	2,110
Earnings on Investments	4,197	143	-	-	4,340
Miscellaneous	4,881	-	-	-	4,881
<i>Total Cash Receipts</i>	<u>156,868</u>	<u>49,052</u>	<u>5,022</u>	<u>-</u>	<u>210,942</u>
Cash Disbursements					
Current:					
Security of Persons and Property	70,460	31,325	-	-	101,785
Leisure Time Activities	6,446	-	-	-	6,446
Community Environment	5,537	-	-	-	5,537
Basic Utility Services	1,565	-	-	-	1,565
Transportation	4,415	15,499	-	-	19,914
General Government	65,976	1,091	-	-	67,067
Capital Outlay	3,205	9,757	-	-	12,962
<i>Total Cash Disbursements</i>	<u>157,604</u>	<u>57,672</u>	<u>-</u>	<u>-</u>	<u>215,276</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(736)</u>	<u>(8,620)</u>	<u>5,022</u>	<u>-</u>	<u>(4,334)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	8,787	-	-	8,787
Other Financing Uses	(5,799)	-	-	-	(5,799)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,799)</u>	<u>8,787</u>	<u>-</u>	<u>-</u>	<u>2,988</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,535)</u>	<u>167</u>	<u>5,022</u>	<u>-</u>	<u>(1,346)</u>
<i>Fund Cash Balances, January 1</i>	<u>18,505</u>	<u>79,432</u>	<u>13,093</u>	<u>272,000</u>	<u>383,030</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	272,000	272,000
Restricted	-	21,985	18,115	-	40,100
Committed	-	57,614	-	-	57,614
Assigned	11,970	-	-	-	11,970
<i>Fund Cash Balances, December 31</i>	<u>\$ 11,970</u>	<u>\$ 79,599</u>	<u>\$ 18,115</u>	<u>\$ 272,000</u>	<u>\$ 381,684</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, 2018

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 the Public Entities Pool of Ohio (PEP). Note 8 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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:

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

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.

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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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(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 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.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the General, Street Construction, Maintenance and Repair, State Highway, and Ambulance Funds by \$175,279, \$17,000, \$1,491, and \$45,099, respectively, for the year ended December 31, 2018 due to the Village not filing a Certificate of Estimated Resources.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 156,868	\$ 156,868
Special Revenue	-	57,839	57,839
Capital Projects	-	5,022	5,022
Total	\$ -	\$ 219,729	\$ 219,729

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 177,289	\$ 167,362	\$ 9,927
Special Revenue	64,218	59,106	5,112
Capital Projects	-	-	-
Total	\$ 241,507	\$ 226,468	\$ 15,039

Note 5 - Deposits

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

	2018
Demand deposits	\$ 109,684
Certificates of deposit	272,000
Total deposits	\$ 381,684

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.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 6 – Taxes (Continued)

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 7 – Interfund Balances

Advances

Outstanding advances at December 31, 2018, consisted of \$3,985 advanced to the Street Construction, Maintenance and Repair Fund from the General Fund to cover street department payroll.

Note 8 – 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

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

		<u>2018</u>
Cash and investments	\$	35,381,789
Actuarial liabilities	\$	12,965,015

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 9 – 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, 2018.

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 not paid all contributions required through December 31, 2018.

Note 10 – 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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 11 – 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.

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, 2017**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 9,529	\$ -	\$ -	\$ -	\$ 9,529
Municipal Income Tax	87,149	-	-	-	87,149
Intergovernmental	13,778	21,868	-	-	35,646
Charges for Services	41,143	29,091	-	-	70,234
Fines, Licenses and Permits	1,333	-	-	-	1,333
Earnings on Investments	6,714	1,150	-	-	7,864
Miscellaneous	3,020	-	-	-	3,020
<i>Total Cash Receipts</i>	<u>162,666</u>	<u>52,109</u>	<u>-</u>	<u>-</u>	<u>214,775</u>
Cash Disbursements					
Current:					
Security of Persons and Property	81,149	23,155	-	-	104,304
Public Health Services	680	-	-	-	680
Leisure Time Activities	2,892	-	-	-	2,892
Community Environment	7,819	-	-	-	7,819
Basic Utility Services	2,173	-	-	-	2,173
Transportation	4,399	15,763	-	-	20,162
General Government	64,186	1,095	-	-	65,281
Capital Outlay	8,325	16,115	28,636	-	53,076
<i>Total Cash Disbursements</i>	<u>171,623</u>	<u>56,128</u>	<u>28,636</u>	<u>-</u>	<u>256,387</u>
<i>Net Change in Fund Cash Balances</i>	(8,957)	(4,019)	(28,636)	-	(41,612)
<i>Fund Cash Balances, January 1</i>	<u>27,462</u>	<u>83,451</u>	<u>41,729</u>	<u>272,000</u>	<u>424,642</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	272,000	272,000
Restricted	-	14,849	13,093	-	27,942
Committed	-	64,583	-	-	64,583
Unassigned	18,505	-	-	-	18,505
<i>Fund Cash Balances, December 31</i>	<u>\$ 18,505</u>	<u>\$ 79,432</u>	<u>\$ 13,093</u>	<u>\$ 272,000</u>	<u>\$ 383,030</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, 2017

Note 1 – Reporting Entity

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Basis of Presentation

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VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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:

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Budgetary Process

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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.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$14,548 for the year ended December 31, 2017.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 135,000	\$ 162,666	\$ 27,666
Special Revenue	56,500	52,109	(4,391)
Capital Projects	-	-	-
Total	\$ 191,500	\$ 214,775	\$ 23,275

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 177,010	\$ 173,633	\$ 3,377
Special Revenue	66,795	56,854	9,941
Capital Projects	28,636	28,636	-
Total	\$ 272,441	\$ 259,123	\$ 13,318

Note 5 - Deposits

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

	2017
Demand deposits	\$ 111,030
Certificates of deposit	272,000
Total deposits	\$ 383,030

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.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6 – Taxes (Continued)

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 7 – Interfund Balances

Advances

Outstanding advances at December 31, 2017, consisted of \$3,985 advanced to the Street Construction, Maintenance and Repair Fund from the General Fund to cover street department payroll.

Note 8 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 8 – Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u>
\$12,633

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – 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, 2017.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 9 – Defined Benefit Pension Plans (Continued)

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 not paid all contributions required through December 31, 2017.

Note 10 – 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 1 percent during calendar year 2017.

Note 11 – 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.



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

November 14, 2019

Village of Huntsville
Logan County
P.O. Box 107
Huntsville, Ohio 43324

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Huntsville**, Logan County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 14, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2018-001 through 2018-004 described in the accompanying schedule of audit findings to be material weaknesses.

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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2018-005 and 2018-006 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 through 2018-005.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Clerk-Treasurer did not always accurately post receipts and disbursements to the Village's accounting system.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The following posting errors were noted:

- Municipal income tax receipts were posted at net instead of gross with related fees in the General Fund in 2018 and 2017;
- Some highway distributions were incorrectly allocated between the Street Construction, Maintenance and Repair and State Highway Funds in 2018 and 2017;
- Some highway distributions were incorrectly posted to the General Fund when they should have been allocated between the Street Construction, Maintenance and Repair and State Highway Funds in 2017;
- The sale of an ambulance was incorrectly posted to Earnings on Investments in the State Highway Fund when it should have been posted to Sale of Capital Assets in the Ambulance Fund in 2018;
- Due to subsequent year appropriations exceeding estimated resources, the entire General Fund balance for should have been classified as assigned in 2018; and
- The Ambulance Fund balance was classified as Restricted when it should have been classified as Committed in 2018 and 2017.

We also noted that the 2015-2016 audit adjustments were not made until 2018 since the prior audit was not completed until March 2018. We have adjusted the financial statements as if these adjustments were made in 2017.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has posted all adjustments to its accounting system.

The following changes to the notes to the financial statements were made:

- Updated amounts in budgetary tables to agree to audit report;
- Updated risk management disclosures; and
- Added contingent liabilities note.

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2018 and 2017 and were not posted to the financial statements or ledgers:

- Property tax receipts were posted at net instead of gross with related fees in the General Fund in 2018 and 2017;
- Rollback receipts were incorrectly classified as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2018 and 2017;
- Some municipal income tax receipts were incorrectly classified as Property and Other Local Taxes and Intergovernmental instead of Municipal Income Tax in the General Fund in 2018 and 2017;
- Some receipts that should have been classified as Intergovernmental were incorrectly classified as Miscellaneous in the General Fund in 2018 and 2017;
- A franchise fee receipt was incorrectly classified as Intergovernmental instead of Fines, Licenses and Permits in the General Fund in 2017;
- A refund was incorrectly classified as Charges for Services instead of Miscellaneous in the General Fund in 2017; and
- A portion of the General Fund balance representing outstanding encumbrances should have been classified as Assigned instead of Unassigned in 2017.

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

We also recommend the Clerk-Treasurer refer to the Ohio Village Officer's Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Clerk-Treasurer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

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

FINDING NUMBER 2018-002

Material Weakness/Noncompliance

Budgetary Controls

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-002 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.36 related to not filing a certificate of estimated resources in 2018;
- Violations of 5705.38 related to the 2017 appropriations not being filed by the required date; and
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources.

In addition, the Village did not have a control procedure in place to ensure that estimated receipts and appropriations, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the estimated receipts and appropriations posted to the accounting system in 2018 and 2017.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparisons of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

Council should review the requirements of Ohio Rev. Code § 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure the budget is monitored adequately so that expenditures do not exceed appropriation authority and appropriations do not exceed estimated resources.

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

FINDING NUMBER 2018-003

Material Weakness/Noncompliance

Ohio Rev. Code § 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, 2018 AND 2017

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

FINDING NUMBER 2018-003 (Continued)

Material Weakness/Noncompliance (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 11% of the expenditures tested for 2018 and 42% of the expenditures tested for 2017.

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 Clerk-Treasurer 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.

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004

Material Weakness/Noncompliance

26 U.S.C. § 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

In addition, **Ohio Rev. Code § 5747.06** requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due.

The Clerk-Treasurer did not submit the Form 941 quarterly reports or remit federal withholdings as required by the IRS for the first, third, and fourth quarters of 2018 and the fourth quarter of 2017. The IT 501 reports as required by the State of Ohio were also not submitted in 2018 and 2017. Only a portion of State withholdings were remitted in 2018 and 2017. As of December 31, 2018, the Village is behind on paying its Federal and State withholdings.

We recommend the Clerk-Treasurer follow up with the IRS and the State Department of Taxation to ensure that contributions are up to date. We also recommend the Clerk-Treasurer remit the required amounts and file the required reports when completing the last payroll of each quarter to avoid accrual of interest and penalties.

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

FINDING NUMBER 2018-005

Significant Deficiency/Noncompliance

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Village did not submit the monthly OPERS reports for five months in 2018 and five months in 2017 timely. This resulted in the Village owing and paying OPERS late filing fees. The Village also underreported gross salaries and, therefore, contributions in 2018 and 2017. As of December 31, 2018, all reports have been submitted; however, the reporting issues noted above have not been corrected.

We recommend the Village follow up with OPERS to correct the errors noted above and to ensure that contributions are up to date. We also recommend the Village take the care necessary to ensure OPERS contributions are being remitted timely and in the correct amount to avoid accrual of interest and penalties.

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

VILLAGE OF HUNTSVILLE
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-006

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.

During 2018 and 2017, 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.

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

**VILLAGE OF HUNTSVILLE
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Budgetary Violatons	Not Corrected	Repeated as Finding 2018-002
2016-002	Financial Reporting	Not Corrected	Repeated as Finding 2018-001
2016-003	GASB 54 Presentation	Not Corrected	Included in Finding 2018-001
2016-004	Ambulance Billings and Collections	Not Corrected	Repeated as Finding 2018-006

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF HUNTSVILLE

LOGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2020**