



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

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VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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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

[www.bhmcgroup.com](http://www.bhmcgroup.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  
PO Box 278  
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, 2019 through December 31, 2020. 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

September 20, 2022

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VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

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**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 Financial Statements***

We have audited the accompanying 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Lithopolis, Fairfield County, Ohio (the Village).

***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(C) 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.

***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(C), 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(C) permit. Our opinion on this accounting basis 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, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

***Basis for Qualified Opinion***

During 2019 and 2020, the Village did not maintain and reconcile accounting information with bank balances on a timely basis. Errors were identified during the process of reconciling the Village's accounts to the bank balances for the years ended December 31, 2019 and 2020. As a result, adjustments were made to fund balances, receipts, and disbursements in 2019 and 2020. However, classification of many adjusted receipts and disbursements was not determinable. We could not obtain sufficient evidence to satisfy ourselves as to the classifications for receipts and disbursements in the General fund and the Enterprise fund type. These amounts have been listed as Unclassified in the accompanying financial statements.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Lithopolis, Fairfield County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
July 27, 2022

**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, 2020**

	<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	\$ 104,795	\$ -	\$ -	\$ 104,795
Municipal Income Tax	850,384	-	-	850,384
Intergovernmental	20,070	206,390	-	226,460
Special Assessments	-	4,628	-	4,628
Fines, Licenses, and Permits	67,837	840	-	68,677
Earnings on Investments	4,628	-	-	4,628
Miscellaneous	78,612	-	25,854	104,466
Unclassified Receipts	135	-	-	135
<b>Total Cash Receipts</b>	<u>1,126,461</u>	<u>211,858</u>	<u>25,854</u>	<u>1,364,173</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	234,346	454	-	234,800
Public Health Services	-	88,439	-	88,439
Leisure Time Activities	-	5,232	-	5,232
Community Environment	2,000	-	-	2,000
Transportation	-	35,946	-	35,946
General Government	344,011	-	686	344,697
Capital Outlay	-	84,959	-	84,959
Debt Service:				
Principal Retirement	-	103,899	-	103,899
Interest and Fiscal Charges	-	2,092	-	2,092
Unclassified Disbursements	19,047	-	-	19,047
<b>Total Cash Disbursements</b>	<u>599,404</u>	<u>321,021</u>	<u>686</u>	<u>921,111</u>
Excess of Receipts Over/(Under) Disbursements	527,057	(109,163)	25,168	443,062
<b>Other Financing Receipts (Disbursements):</b>				
Proceeds from Debt	-	84,959	-	84,959
Other Financing Sources	263	-	-	263
<b>Total Other Financing Receipts (Disbursements)</b>	<u>263</u>	<u>84,959</u>	<u>-</u>	<u>85,222</u>
Net Change in Fund Cash Balances	527,320	(24,204)	25,168	528,284
Fund Cash Balances, January 1	595,637	400,954	77,330	1,073,921
Fund Cash Balances, December 31	<u>\$ 1,122,957</u>	<u>\$ 376,750</u>	<u>\$ 102,498</u>	<u>\$ 1,602,205</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)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,113,355
Total Operating Cash Receipts	1,113,355
<b>Operating Cash Disbursements:</b>	
Personal Services	112,402
Fringe Benefits	41,196
Contractual Services	486,371
Supplies and Materials	78,717
Total Operating Cash Disbursements	718,686
Operating Income (Loss)	394,669
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	39
Miscellaneous Receipts	6,086
Capital Outlay	(115,752)
Principal Retirement	(109,148)
Interest and Fiscal Charges	(76,441)
Other Financing Sources	2,869
Total Non-Operating Cash Receipts (Disbursements)	(292,347)
Net Change in Fund Cash Balances	102,322
Fund Cash Balances, January 1	817,202
Fund Cash Balances, December 31	\$ 919,524

*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)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits	17,947
Total Additions	17,947
<b>Deductions</b>	
Other	23,838
Total Deductions	23,838
Net Change in Fund Cash Balances	(5,891)
Fund Cash Balances, January 1	8,152
Fund Cash Balances, December 31	<u>\$ 2,261</u>

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The Village of Lithopolis, Fairfield County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, 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.

***Capital Project Funds*** The 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.

***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 accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

***Fiduciary Funds***

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund accounts for the activity of the mayor's court.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

***Capital Assets***

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Fund Balance***

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$603,874	\$1,126,724	\$522,850
Special Revenue	166,068	296,817	130,749
Capital Projects	35,000	25,854	(9,146)
Enterprise	1,193,391	1,122,349	(71,042)
Total	\$1,998,333	\$2,571,744	\$573,411

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$790,353	\$599,404	\$190,949
Special Revenue	281,251	321,021	(39,770)
Capital Projects	37,500	686	36,814
Enterprise	1,348,990	1,020,027	328,963
Total	\$2,458,094	\$1,941,138	\$516,956

**Note 4 – Deposits and Investments**

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

	2020
Demand deposits	\$ 2,523,990

***Deposits***

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Taxes**

***Property Taxes***

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

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.

***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**

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***

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS 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. OP&F participants contributed 12.25% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2020.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Social Security***

Several of the Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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, 2020 was as follows:

	Principal	Interest Rate
OPWC Loan CQ10N	\$ 491,438	0.00%
OPWC Loan CQ26S	736,647	0.00%
Vinton County Installment Loan	84,959	2.75%
OWDA Loan 3920	1,837,063	4.35%
Total	\$ 3,150,107	

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 on 01/01/2005. This loan matures July 1, 2034.

The Ohio Public Works Commission (OPWC) loan #CQ10N was awarded for the Columbus Street Reconstruction project in 2012 in the amount of \$644,329. The loan will be repaid in semiannual payments of \$10,921 until it matures on June 30, 2042.

The Ohio Public Works Commission (OPWC) loan #CQ26S was awarded for the Columbus Street Reconstruction project in 2012 in the amount of \$833,940. The loan will be repaid in semiannual payments of \$13,899.00 until it matures on June 30, 2046.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

On March 10, 2015, the Village authorized the issuance and sale of Roadway Improvement Bonds, Series 2015 in the principal amount of \$425,000. The Bonds bear an interest rate of 1.98% and are payable on April 1 each year. The Bonds matured on April 1, 2020.

On November 30, 2020 the Village took out an installment loan for the purchase of a plow truck. The loans interest rate is 2.75% and there are yearly payments. The loan matures on November 30, 2025.

***Amortization***

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

Year Ending December 31:	OPWC Loan CQ10N	OPWC Loan CQ26S	OWDA Loan 3920	Vinton County Installment
2021	21,842	27,798	175,016	18,440
2022	21,842	27,798	175,378	18,440
2023	21,842	27,798	175,757	18,440
2024	21,842	27,798	176,153	18,439
2025	21,842	27,798	176,565	18,439
2026-2030	109,208	138,990	889,683	
2031-2035	109,208	138,990	630,580	
2036-2040	109,208	138,990		
2041-2045	54,604	138,990		
2046-2050		41,697		
Total	<u>\$ 491,438</u>	<u>\$ 736,647</u>	<u>\$ 2,399,132</u>	<u>\$92,198</u>

**Note 10 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 11 – 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. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**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, 2019**

	<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	\$ 70,057	\$ -	\$ -	\$ 70,057
Municipal Income Tax	932,477	-	-	932,477
Intergovernmental	45,751	85,278	-	131,029
Special Assessments	-	21,226	36,216	57,442
Fines, Licenses, and Permits	137,375	7,256	-	144,631
Earnings on Investments	4,150	-	-	4,150
Unclassified Receipts	67,676	-	-	67,676
	<u>1,257,486</u>	<u>113,760</u>	<u>36,216</u>	<u>1,407,462</u>
<b>Total Cash Receipts</b>				
	1,257,486	113,760	36,216	1,407,462
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	104,071	2,060	-	106,131
Community Environment	2,000	-	-	2,000
Transportation	-	268,417	-	268,417
General Government	251,151	-	-	251,151
Debt Service:				
Principal Retirement	72,568	12,432	-	85,000
Interest and Fiscal Charges	2,987	512	-	3,499
Unclassified Disbursements	481,969	-	-	481,969
	<u>914,746</u>	<u>283,421</u>	<u>-</u>	<u>1,198,167</u>
<b>Total Cash Disbursements</b>				
	914,746	283,421	-	1,198,167
Excess of Receipts Over/(Under) Disbursements	342,740	(169,661)	36,216	209,295
<b>Other Financing Receipts (Disbursements):</b>				
Transfers-In	-	184,997	-	184,997
Transfers-Out	(184,997)	-	-	(184,997)
Other Financing Sources	13,949	-	-	13,949
	<u>(171,048)</u>	<u>184,997</u>	<u>-</u>	<u>13,949</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
	(171,048)	184,997	-	13,949
Net Change in Fund Cash Balances	171,692	15,336	36,216	223,244
Fund Cash Balances, January 1 <i>As Restated, Note 10</i>	423,945	385,618	41,114	850,677
	<u>423,945</u>	<u>385,618</u>	<u>41,114</u>	<u>850,677</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	400,954	77,330	478,284
Assigned	595,637	-	-	595,637
	<u>595,637</u>	<u>-</u>	<u>-</u>	<u>595,637</u>
<b>Fund Cash Balances, December 31</b>				
	<u>\$ 595,637</u>	<u>\$ 400,954</u>	<u>\$ 77,330</u>	<u>\$ 1,073,921</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)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Custodial</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,319,462	\$ -	\$ 1,319,462
Fines, Licenses and Permits	-	44,985	44,985
<b>Total Operating Cash Receipts</b>	<b>1,319,462</b>	<b>44,985</b>	<b>1,364,447</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	32,925	-	32,925
Fringe Benefits	25,495	-	25,495
Contractual Services	456,476	-	456,476
Supplies and Materials	46,064	-	46,064
Other	-	51,946	51,946
<b>Total Operating Cash Disbursements</b>	<b>560,960</b>	<b>51,946</b>	<b>612,906</b>
Operating Income (Loss)	758,502	(6,961)	751,541
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	1,731	-	1,731
Miscellaneous Receipts	15,560	-	15,560
Capital Outlay	(31,490)	-	(31,490)
Principal Retirement	(189,278)	-	(189,278)
Interest and Fiscal Charges	(121,743)	-	(121,743)
Unclassified Disbursements	(520)	-	(520)
Unclassified Receipts	14,588	-	14,588
<b>Total Non-Operating Cash Receipts (Disbursements)</b>	<b>(311,152)</b>	<b>-</b>	<b>(311,152)</b>
Net Change in Fund Cash Balances	447,350	(6,961)	440,389
Fund Cash Balances, January 1	369,852	15,113	384,965
Fund Cash Balances, December 31	<u>\$ 817,202</u>	<u>\$ 8,152</u>	<u>\$ 825,354</u>

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of Lithopolis, Fairfield County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, 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 and fiduciary fund types which are 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.

***Capital Project Funds*** The 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.

***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 accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

***Fiduciary Funds***

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund accounts for the activity of the mayor's court.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Capital Assets***

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$971,012	\$1,271,435	\$300,423
Special Revenue	275,454	298,757	23,303
Capital Projects	22,500	36,216	13,716
Enterprise	1,250,146	1,351,341	101,195
Total	\$2,519,112	\$2,957,749	\$438,637

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$963,624	\$1,099,743	(\$136,119)
Special Revenue	334,720	283,421	51,299
Capital Projects	22,500	0	22,500
Enterprise	1,168,473	903,991	264,482
Total	\$2,489,317	\$2,287,155	\$202,162

**Note 4 – Deposits and Investments**

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

Demand deposits	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">2019</td> </tr> <tr> <td style="text-align: center; border-bottom: 3px double black;">\$ 1,899,275</td> </tr> </table>	2019	\$ 1,899,275
2019			
\$ 1,899,275			

***Deposits***

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

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Taxes**

***Property Taxes***

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

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.

***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**

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***

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS 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. OP&F participants contributed 12.25% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2019.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Social Security**

Several of the Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. 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, 2019 was as follows:

	Principal	Interest Rate
OPWC Loan CQ10N	\$ 502,358	0.00%
OPWC Loan CQ26S	750,546	0.00%
Series 2015 Improvement Bonds	90,000	1.98%
OWDA Loan 3920	1,935,291	4.35%
Total	\$ 3,278,195	

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 on 01/01/2005. This loan matures July 1, 2034.

The Ohio Public Works Commission (OPWC) loan #CQ10N was awarded for the Columbus Street Reconstruction project in 2012 in the amount of \$644,329. The loan will be repaid in semiannual payments of \$10,921 until it matures on June 30, 2042.

The Ohio Public Works Commission (OPWC) loan #CQ26S was awarded for the Columbus Street Reconstruction project in 2012 in the amount of \$833,940. The loan will be repaid in semiannual payments of \$13,899.00 until it matures on June 30, 2046.

**Village of Lithopolis**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

On March 10, 2015, the Village authorized the issuance and sale of Roadway Improvement Bonds, Series 2015 in the principal amount of \$425,000. The Bonds bear an interest rate of 1.98% and are payable on April 1 each year. The Bonds mature on April 1, 2020.

***Amortization***

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

Year Ending December 31:	OPWC Loan CQ10N	OPWC Loan CQ26S	OWDA Loan 3920	Road Improvement
2020	21,842	27,798	174,668	92,092
2021	21,842	27,798	175,016	
2022	21,842	27,798	175,378	
2023	21,842	27,798	175,757	
2024	21,842	27,798	176,153	
2025-2029	109,208	138,990	887,331	
2030-2034	109,208	138,990	809,497	
2035-2039	109,208	138,990		
2040-2044	65,524	138,990		
2045-2049		55,596		
Total	<u>\$ 502,358</u>	<u>\$ 750,546</u>	<u>\$ 2,573,800</u>	<u>\$92,092</u>

**Note 10 – Restatement of Beginning Balances**

Beginning balances in the General and Special Revenue funds were restated as follows due to audit adjustment posting errors in prior periods:

	General:
2019 Beginning Fund Balances	\$ 434,303
Prior period errors	<u>(10,358)</u>
2019 Restated Beginning Fund Balances	<u>\$ 423,945</u>



**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 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Lithopolis, Fairfield County, (the Village) and have issued our report thereon dated July 27, 2022, wherein we noted the Government followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion because during 2019 and 2020, the Village did not maintain and reconcile accounting information with bank balances on a timely basis. Errors were identified during the process of reconciling the Village's accounts to the bank balances for the years ended December 31, 2019 and 2020. As a result, adjustments were made to fund balances, receipts, and disbursements in 2019 and 2020. However, classification of many adjusted receipts and disbursements was not determinable. These amounts have been listed as Unclassified in the accompanying financial statements. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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.

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 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. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-004 to be material weaknesses.

### ***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 financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### ***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 report is not suitable for any other purpose.



BHM CPA Group, Inc.  
Piketon, Ohio  
July 27, 2022

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**FINDING NUMBER 2020-001**

**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,
- Municipal Income Tax Revenues,
- Miscellaneous Revenues,
- Charges for Services,
- Capital Contributions,
- Special Assessments,
- Debt Proceeds,
- Principal Payments Disbursements,
- Interest and Fiscal Charges Disbursements,
- General Government 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 mispending appropriated funds.

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**FINDING NUMBER 2020-002**

**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.

"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 2020 for 76% of disbursements tested and during 2019 for 67% 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.

VILLAGE OF LITHOPOLIS  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**FINDING NUMBER 2020-003**

**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 2019, \$44,985 of receipts and \$54,223 of disbursements were adjusted to the custodial fund's financial statement to reflect the Mayor's Court activity.

For 2020, \$17,947 of receipts and \$23,838 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 2020-004**

**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.

During 2019 and 2020, the Village did not maintain and reconcile accounting information with bank balances on a timely basis. Errors were identified during the process of reconciling the Village’s accounts to the bank balances for the years ended December 31, 2019 and 2020. As a result, adjustments were made to fund balances, receipts, and disbursements in 2019 and 2020.

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  
Schedule of Prior Audit Findings  
December 31, 2020 and 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2018-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2020-001
2018-002	Material Weakness – Unauthorized Payroll Payouts	Yes	
2018-003	Material Weakness – Mayor’s Court	No	Reissued as Findind 2020-003
2018-004	Material Noncompliance – ORC 5705.10	Yes	
2018-005	Significant Deficiency – Internal Controls related to Accounts Payable	Yes	

# 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 10/4/2022**

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)