

VILLAGE OF HAMERSVILLE
BROWN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

OHIO AUDITOR OF STATE KEITH FABER



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Village Council
Village of Hamersville
130 West Main Street
P.O. Box 146
Hamersville, Ohio 45130

We have reviewed the *Independent Auditor's Report* of the Village of Hamersville, Brown County, prepared by Bastin & Company, LLC, for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Illegal Expenditures

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

- Guy Sutton requested and received 23 expense reimbursements that included sales tax totaling \$332. The Village is tax exempt and should not be paying sales tax.
- The Village reimbursed Guy Sutton for four fuel purchases totaling \$112. The fuel purchases were made outside the Village of Hamersville and no purpose or reason was documented for the fuel purchase.
- Guy Sutton was reimbursed for two expenses totaling \$41, however no supporting documentation for the expenses was provided and there was no proof he paid for the items/services provided.
- The Village reimbursed Guy Sutton for two purchases totaling \$268 and the only documentation provided was his personal credit card statement

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). \$444 of the overpayment of \$753 illegally paid to Mr. Sutton occurred when Tammie Ogle was Fiscal Officer, \$309 of these illegal payments occurred when Sheila Dufau was Fiscal Officer. In accordance with the forgoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Guy Sutton, Police Chief in the amount of \$753, and Tammie Ogle, Former Fiscal Officer, jointly and severally, in the amount of \$444 and Sheila Dufau, Fiscal Officer, jointly and severally, in the amount of \$309 and in favor of The Village of Hamersville's General Fund in the amount of \$131, Police Protection Fund in the amount of \$382, Electric Operating Fund in the amount of \$233, and the Water Operating Fund in the amount of \$7.

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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 Hamersville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State
Columbus, Ohio

November 01, 2022

VILLAGE OF HAMERSVILLE, OHIO
BROWN COUNTY

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Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Hamersville
Brown County
P. O. Box 146
Hamersville, Ohio 45130

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Hamersville, Brown County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matters

As discussed in Note 13 to the financial statements, during 2021 and 2020, 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. As discussed in Note 14 to the 2020 financial statements, the Village made several changes to its reporting model. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

Bastin & Company, LLC

Williamsburg, Ohio
June 24, 2022

Village of Hamersville, Ohio
Brown County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------------|--------------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 26,325 | \$ 11,901 | \$ 38,226 |
| Intergovernmental | 8,410 | 62,894 | 71,304 |
| Fines, Licenses and Permits | 74,814 | 8,050 | 82,864 |
| Earnings on Investments | 364 | 58 | 422 |
| Miscellaneous | 815 | 279 | 1,094 |
| <i>Total Cash Receipts</i> | <u>110,728</u> | <u>83,182</u> | <u>193,910</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 69,760 | 8,494 | 78,254 |
| Public Health Services | 896 | - | 896 |
| Basic Utility Service | 9,895 | - | 9,895 |
| Transportation | - | 27,955 | 27,955 |
| General Government | 37,872 | - | 37,872 |
| <i>Total Cash Disbursements</i> | <u>118,423</u> | <u>36,449</u> | <u>154,872</u> |
| <i>Net Change in Fund Cash Balances</i> | (7,695) | 46,733 | 39,038 |
| <i>Fund Cash Balances, January 1</i> | <u>75,062</u> | <u>77,779</u> | <u>152,841</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 67,367</u></u> | <u><u>\$ 124,512</u></u> | <u><u>\$ 191,879</u></u> |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown 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, 2021

| | Proprietary Fund Types |
|---|---------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 934,019 |
| Fines, Licenses and Permits | 22,057 |
| <i>Total Operating Cash Receipts</i> | <i>956,076</i> |
| Operating Cash Disbursements | |
| Personal Services | 121,167 |
| Employee Fringe Benefits | 24,147 |
| Contractual Services | 641,683 |
| Supplies and Materials | 77,338 |
| Other | 38,272 |
| <i>Total Operating Cash Disbursements</i> | <i>902,607</i> |
| <i>Operating Income (Loss)</i> | <i>53,469</i> |
| Non-Operating Receipts (Disbursements) | |
| Earnings on Investments | 6 |
| Capital Outlay | (15,218) |
| Principal Retirement | (35,000) |
| Interest and Other Fiscal Charges | (30,556) |
| Miscellaneous Receipts | 6,693 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(74,075)</i> |
| <i>Income (Loss) before Transfers</i> | <i>(20,606)</i> |
| Transfers-In | 65,556 |
| Transfers-Out | (65,556) |
| <i>Net Change in Fund Cash Balances</i> | <i>(20,606)</i> |
| <i>Fund Cash Balances, January 1</i> | <i>495,684</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 475,078</i> |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

| | Fiduciary Fund Types |
|--|-------------------------|
| | Custodial |
| Additions | |
| Fines, Licenses and Permits for Distribution | 95,540 |
| <i>Total Additions</i> | <i>95,540</i> |
| Deductions | |
| Other Distributions | 92,734 |
| <i>Total Deductions</i> | <i>92,734</i> |
| <i>Net Change in Fund Balances</i> | 2,806 |
| <i>Fund Cash Balances, January 1</i> | <i>18,276</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 21,082</i> |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Hamersville (the Village), Brown County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, electric, refuse, street maintenance and police protection services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 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, 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) for 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 Fund:

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.

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Electric Operating Fund - This fund receives charges for services from residents to cover electric service costs.

Garbage Operating Fund - This fund receives charges for services from residents to cover garbage service costs.

Bond Retirement Fund The Bond Retirement Fund receives transfers in from the Sewer Operating Fund and is used to repay Sewer System Mortgage Revenue Bonds.

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for the financial activity of the Village Mayor's Court and unclaimed monies

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

Basis of Accounting

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

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

Budgetary Process

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

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

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.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12

Note 3 – Budgetary Activity

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

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 101,400 | \$ 110,728 | \$ 9,328 |
| Special Revenue | 77,226 | 83,182 | 5,956 |
| Enterprise | 962,056 | 1,028,331 | 66,275 |
| Total | \$ 1,140,682 | \$ 1,222,241 | \$ 81,559 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 176,462 | \$ 118,423 | \$ 58,039 |
| Special Revenue | 96,851 | 36,449 | 60,402 |
| Enterprise | 1,377,117 | 1,048,937 | 328,180 |
| Total | \$ 1,650,430 | \$ 1,203,809 | \$ 446,621 |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | |
|--------------------------------|------------|
| | 2021 |
| Demand deposits | \$ 219,458 |
| Certificate of deposit | 84 |
| Total deposits | 219,542 |
| Star Ohio | 354,628 |
| Money market mutual funds | 113,869 |
| Total investments | 468,497 |
| Total deposits and investments | \$ 688,039 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021 the Village is holding \$0 in unremitted employee payroll withholdings.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Investments

Investments in STAR Ohio and money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

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

Note 6 – Risk Management

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

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.

Risk Pool Membership

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

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

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

| | |
|-----------------------|--------------|
| Cash and investments | \$41,996,850 |
| Actuarial liabilities | \$14,974,099 |

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

| | Principal | Interest Rate |
|-------------------------------------|------------|---------------|
| Sewer System Mortgage Revenue Bonds | \$ 475,000 | 5.5% - 6.0% |
| Total | \$ 475,000 | |

During 2001, the Village issued Sewer System Mortgage Revenue Bonds in the amount of \$1,000,000. Proceeds from the bonds were used to refund previously issued temporary bonds that funded the construction of the Village’s sewer system. The bonds carry an interest rate range of 5.5 to 6.0 percent. The bonds mature in varying amounts through December 31, 2031.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

| Year ending December 31: | Sewer System Mortgage Revenue Bonds |
|--------------------------|---|
| 2022 | \$ 63,500 |
| 2023 | 66,400 |
| 2024 | 64,000 |
| 2025 | 66,600 |
| 2026 | 63,900 |
| 2027-2031 | 320,100 |
| Total | \$ 644,500 |

Note 10 – Transfers

During 2021, the Village transferred the following amount between funds:

| Transfer-Out Fund | Transfer-In Fund | Amount |
|-------------------|------------------|-----------|
| Sewer | Bond Retirement | \$ 65,556 |
| Total Transfers | | \$ 65,556 |

The transfers were to provide funds for debt service requirements paid by that fund.

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.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

The fund balances of special revenue funds are either restricted or committed. These restricted or committed amounts in the special revenue funds would include outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. At year end there were no outstanding encumbrances.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Village of Hamersville, Ohio
Brown 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

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 23,709 | \$ 10,892 | \$ 34,601 |
| Intergovernmental | 7,936 | 61,417 | 69,353 |
| Fines, Licenses and Permits | 92,218 | 300 | 92,518 |
| Earnings on Investments | 2,366 | 262 | 2,628 |
| Miscellaneous | 11,043 | 2,315 | 13,358 |
| <i>Total Cash Receipts</i> | <u>137,272</u> | <u>75,186</u> | <u>212,458</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 55,147 | 37,092 | 92,239 |
| Public Health Services | 451 | - | 451 |
| Transportation | - | 36,399 | 36,399 |
| General Government | 30,901 | 2,104 | 33,005 |
| <i>Total Cash Disbursements</i> | <u>86,499</u> | <u>75,595</u> | <u>162,094</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>50,773</u> | <u>(409)</u> | <u>50,364</u> |
| Other Financing Receipts (Disbursements) | | | |
| Sale of Fixed Assets | 220 | - | 220 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>220</u> | <u>-</u> | <u>220</u> |
| <i>Net Change in Fund Cash Balances</i> | 50,993 | (409) | 50,584 |
| <i>Fund Cash Balances, January 1</i> | <u>24,069</u> | <u>78,188</u> | <u>102,257</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 75,062</u></u> | <u><u>\$ 77,779</u></u> | <u><u>\$ 152,841</u></u> |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown 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, 2020

| | Proprietary Fund Types |
|---|---------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 825,757 |
| Fines, Licenses and Permits | 17,369 |
| <i>Total Operating Cash Receipts</i> | <i>843,126</i> |
| Operating Cash Disbursements | |
| Personal Services | 116,716 |
| Employee Fringe Benefits | 20,911 |
| Contractual Services | 582,764 |
| Supplies and Materials | 54,458 |
| Other | 25,695 |
| <i>Total Operating Cash Disbursements</i> | <i>800,544</i> |
| <i>Operating Income (Loss)</i> | <i>42,582</i> |
| Non-Operating Receipts (Disbursements) | |
| Earnings on Investments | 4,368 |
| Capital Outlay | (44,725) |
| Principal Retirement | (35,000) |
| Interest and Other Fiscal Charges | (32,498) |
| Miscellaneous Receipts | 13,933 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(93,922)</i> |
| <i>Income (Loss) before Transfers</i> | <i>(51,340)</i> |
| Transfers-In | 67,613 |
| Transfers-Out | (67,613) |
| <i>Net Change in Fund Cash Balances</i> | <i>(51,340)</i> |
| <i>Fund Cash Balances, January 1</i> | <i>547,024</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 495,684</i> |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown 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

| | Fiduciary Fund Types |
|--|-------------------------|
| | Custodial |
| Additions | |
| Fines, Licenses and Permits for Distribution | 129,182 |
| <i>Total Additions</i> | 129,182 |
| Deductions | |
| Other Distributions | 122,279 |
| <i>Total Deductions</i> | 122,279 |
| <i>Net Change in Fund Balances</i> | 6,903 |
| <i>Fund Cash Balances, January 1</i> | 11,373 |
| <i>Fund Cash Balances, December 31</i> | \$ 18,276 |

See accompanying notes to the basic financial statements

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Hamersville (the Village), Brown County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, electric, refuse, street maintenance and police protection services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 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, 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) for 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 Fund:

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.

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Electric Operating Fund - This fund receives charges for services from residents to cover electric service costs.

Garbage Operating Fund - This fund receives charges for services from residents to cover garbage service costs.

Bond Retirement Fund The Bond Retirement Fund receives transfers in from the Sewer Operating Fund and is used to repay Sewer System Mortgage Revenue Bonds.

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for the financial activity of the Village Mayor's Court and unclaimed monies

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12

Note 3 – 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 | \$ 111,505 | \$ 137,492 | \$ 25,987 |
| Special Revenue | 61,030 | 75,186 | 14,156 |
| Enterprise | 913,477 | 929,040 | 15,563 |
| Total | \$ 1,086,012 | \$ 1,141,718 | \$ 55,706 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 119,804 | \$ 86,821 | \$ 32,983 |
| Special Revenue | 139,217 | 75,689 | 63,528 |
| Enterprise | 1,417,495 | 982,744 | 434,751 |
| Total | \$ 1,676,516 | \$ 1,145,254 | \$ 531,262 |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | |
|--------------------------------|------------|
| | 2020 |
| Demand deposits | \$ 198,519 |
| Certificate of deposit | 84 |
| Total deposits | 198,603 |
| Star Ohio | 354,338 |
| Money market mutual funds | 113,860 |
| Total investments | 468,198 |
| Total deposits and investments | \$ 666,801 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020 the Village is holding \$2,756 in unremitted employee payroll withholdings.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Investments

Investments in STAR Ohio and money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

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

Note 6 – Risk Management

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

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.

Risk Pool Membership

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

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

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020:

| | |
|-----------------------|--------------|
| Cash and investments | \$40,318,971 |
| Actuarial liabilities | \$14,111,510 |

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – 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 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.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

| | Principal | Interest Rate |
|-------------------------------------|------------|---------------|
| Sewer System Mortgage Revenue Bonds | \$ 510,000 | 5.5% - 6.0% |
| Total | \$ 510,000 | |

During 2001, the Village issued Sewer System Mortgage Revenue Bonds in the amount of \$1,000,000. Proceeds from the bonds were used to refund previously issued temporary bonds that funded the construction of the Village’s sewer system. The bonds carry an interest rate range of 5.5 to 6.0 percent. The bonds mature in varying amounts through December 31, 2031.

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

| Year ending December 31: | Sewer System Mortgage Revenue Bonds |
|--------------------------|---|
| 2021 | \$ 65,556 |
| 2022 | 63,500 |
| 2023 | 66,400 |
| 2024 | 64,000 |
| 2025 | 66,600 |
| 2026-2030 | 320,400 |
| 2031 | 63,600 |
| Total | \$ 710,056 |

Note 10 – Transfers

During 2020, the Village transferred the following amount between funds:

| Transfer-Out Fund | Transfer-In Fund | Amount |
|-------------------|------------------|-----------|
| Sewer | Bond Retirement | \$ 67,613 |
| Total Transfers | | \$ 67,613 |

The transfers were to provide funds for debt service requirements paid by that fund.

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.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue | Total |
|--------------------------|---------|--------------------|--------|
| Outstanding Encumbrances | \$ 322 | \$ 94 | \$ 416 |
| <i>Total</i> | \$ 322 | \$ 94 | \$ 416 |

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

Village of Hamersville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – COVID-19

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

Note 14 – Change in Reporting Model

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, 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. There was no effect on the beginning fund balance.

Bastin & Company, LLC

Certified Public Accountants

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

Village of Hamersville
Brown County
P. O. Box 146
Hamersville, Ohio 45130

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Hamersville, Brown County, (the Village) and have issued our report thereon dated June 24, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, in 2020, the Village made several changes to its reporting model.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-01 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-02.

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 audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of This Report

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

Bastin & Company, LLC

Williamsburg, Ohio
June 24, 2022

Village of Hamersville, Ohio
Brown County
Schedule of Findings
December 31, 2021 and 2020

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

Finding Number 2021-01 – Audit Adjustments

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Village's internal control.

- During 2021 and 2020, the Village presented the Bond Retirement Fund within the Debt Service Fund type. This fund accounts for debt related activities that benefit the Sewer Enterprise Fund. As a result, activities of this fund have been reclassified and presented within the Enterprise Fund type. In addition, the draft financial statements presented for audit contained a Private Purpose Trust Fund. This fund was used in the past for the collection of revenues to support the Village's fall festival activities. Since the funds are not restricted by a trust agreement for the benefit of others the cash fund balance of this fund has been reclassified and presented within the Special Revenue Fund type.
- The Village's bank reconciliation at December 31, 2020 identified \$4,368 of unrecorded items related to trust accounts established for the sewer system mortgage revenue bonds. Adjustments were required to properly report these items.
- For 2020, the Village recorded \$19,013 of electric deregulation kilowatt-hour (kwh) tax collections in the General Fund as miscellaneous receipts. Adjustments were required to reduce reclassify these receipts to property and other local taxes.
- For 2020 and 2021, interest expense within the Enterprise Fund type totaling \$2,387 and \$2,388, respectively were reclassified to principal retirement to reflect the proper retirement of debt.
- For 2020 and 2021, audit adjustments totaling \$3,050 and \$2,061 respectively, were necessary to properly classify homestead and rollback and miscellaneous receipts to proper line items.
- For 2020 receipts and expenditure totaling \$29,182 that were recorded within the Corona virus Relief Fund were also recorded in the General Fund. Adjustments were made to reduce the duplicate recorded receipts and expenditures in the General Fund.
- For 2020 and 2021, the financial statements presented for audit did not contain the cash balances and activities of the Village's Mayor's Court within the Custodial Fund type.
- For 2021 other financing uses reported within the Enterprise Fund type totaling \$1,000 were reclassified to other operating expense

In addition, for 2021 and 2020 the Village's accounting system was not updated and did not properly reflect appropriated amounts as approved by the Village Council.

The Village's financial statements and footnotes have been adjusted to reflect the above adjustments.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Village's Response

The Village will review the details of these adjustments and attempt to properly record these items in the future.

FINDING NUMBER 2021-02 – Certification of Fund Availability

Noncompliance

Ohio Revised 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 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.

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 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.
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 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.

During fiscal years 2021 and 2020, 27 percent of purchase orders tested were not properly certified prior to incurring the obligation or were not approved by ordinance or resolution when a then and now certificate for purchases of \$3,000 or more was made.

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

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used and Council must approve then and now certificates for purchases of \$3,000 or more.

Village's Response

The Village will attempt to ensure certifications are properly performed in the future.

Village of Hamersville, Ohio
Brown County
Summary Schedule of Prior Audit Findings
December 31, 2021 and 2020

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|-------------------|---------------|--|
| 2019-01 | Audit Adjustments | Not corrected | Current year conditions included as finding number 2021-01 |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HAMERSVILLE

BROWN 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 11/15/2022

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