



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF ADDYSTON  
HAMILTON COUNTY  
DECEMBER 31, 2021 AND 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Addyston  
Hamilton County  
235 Main Street  
Addyston, Ohio 45001

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Addyston, Hamilton County, (the Village), as of and for the years ended December 31, 2021 and 2020. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2021-001 through 2021-005, 2021-010 through 2021-013, 2021-022 through 2021-024, 2021-025 through 2021-028, and 2021-033 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as findings 2021-001, 2021-004, 2021-006 through 2021-009, 2021-014 through 2021-021, 2021-023 through 2021-024, 2021-029 through 2021-032, 2021-034, and 2021-035.

### ***Other Matters***

We were unable to obtain a letter from the Village's legal counsel concerning any pending or threatened litigation, claims and assessments. Therefore, we were unable to determine the effect of any litigation, claims and assessments on the financial condition of the Village.

### ***Government'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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio  
April 22, 2024

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$79,993	\$44,843	\$0	\$124,836
Municipal Income Tax	502,711	0	0	502,711
Intergovernmental	29,044	114,938	129	144,111
Special Assessments	0	4,259	0	4,259
Charges for Services	23,587	0	0	23,587
Fines, Licenses and Permits	82,769	0	0	82,769
Earnings on Investments	58	0	0	58
Unclassified Receipts	98,279	108,832	0	207,111
Miscellaneous	13,240	4,766	0	18,006
<i>Total Cash Receipts</i>	<u>829,681</u>	<u>277,638</u>	<u>129</u>	<u>1,107,448</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	279,250	500	0	279,750
Leisure Time Activities	4,013	0	0	4,013
Basic Utility Services	4,199	0	0	4,199
Transportation	97,652	21,509	0	119,161
General Government	402,101	80,340	0	482,441
Unclassified Expenditures	0	110,358	0	110,358
Capital Outlay	0	46,653	43,139	89,792
Debt Service:				
Principal Retirement	21,372	18,274	0	39,646
Interest and Fiscal Charges	1,663	0	0	1,663
<i>Total Cash Disbursements</i>	<u>810,250</u>	<u>277,634</u>	<u>43,139</u>	<u>1,131,023</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,431</u>	<u>4</u>	<u>(43,010)</u>	<u>(23,575)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	72,285	0	72,285
Transfers Out	(122,285)	0	0	(122,285)
Other Financing Sources	1,591	0	0	1,591
Other Financing Uses	(9,335)	(188)	0	(9,523)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(130,029)</u>	<u>72,097</u>	<u>0</u>	<u>(57,932)</u>
<i>Net Change in Fund Cash Balances</i>	(110,598)	72,101	(43,010)	(81,507)
<i>Fund Cash Balances, January 1</i>	<u>162,704</u>	<u>149,152</u>	<u>46,302</u>	<u>358,158</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$52,106</u></u>	<u><u>\$221,253</u></u>	<u><u>\$3,292</u></u>	<u><u>\$276,651</u></u>

*See accompanying notes to the basic financial statements*

**Village of Addyston***Hamilton County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary Fund Types**For the Year Ended December 31, 2021*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$373,063
Unclassified Receipts	29,656
Miscellaneous	4,868
	<u>407,587</u>
<b>Operating Cash Disbursements</b>	
Unclassified Expenditures	25,723
Personal Services	57,061
Employee Fringe Benefits	17,910
Contractual Services	62,258
Supplies and Materials	23,929
Other	182,253
	<u>369,134</u>
<i>Total Operating Cash Receipts</i>	<u>407,587</u>
<i>Total Operating Cash Disbursements</i>	<u>369,134</u>
<i>Operating Income (Loss)</i>	<u>38,453</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	13,660
Intergovernmental Receipts	676
Capital Outlay	(44,100)
Principal Retirement	(43,004)
Interest and Other Fiscal Charges	(4,038)
Other Financing Sources	2,315
Other Financing Uses	(4,181)
	<u>(78,672)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,672)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(40,219)</u>
Transfers In	<u>50,000</u>
<i>Net Change in Fund Cash Balances</i>	9,781
<i>Fund Cash Balances, January 1</i>	<u>86,401</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$96,182</u></u>

*See accompanying notes to the basic financial statements*



**Village of Addyston**

*Hamilton 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 Type
	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	76,151
<i>Total Additions</i>	76,151
<b>Deductions</b>	
Distributions to Other Governments	9,572
Distributions to Other Funds (Primary Gov't)	75,088
<i>Total Deductions</i>	84,660
<i>Net Change in Fund Balances</i>	(8,509)
<i>Fund Cash Balances, January 1</i>	10,908
<i>Fund Cash Balances, December 31</i>	\$2,399

*See accompanying notes to the basic financial statements*

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

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**Note 1 – Reporting Entity**

The Village of Addyston (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide 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 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.

***Fire Revenue Fund*** The Fire Revenue fund receives tax levy revenues restricted for the purpose of contract services for fire and EMS services.

***Coronavirus Relief Fund*** The Coronavirus Relief fund receives CARES Act grant monies restricted for purposes in accordance with the federal grant.

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

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

**Hitchens Park Fund** The Hitchens Park Fund, formerly the Boat Ramp Fund, accounts for Addyston Park improvements, including a shopping area.

**SCIP Road Fund** The SCIP Road Fund accounts for road projects administered by the Ohio Public Works Commission (OPWC).

**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.

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

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

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also

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

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 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	\$726,396	\$831,272	\$104,876
Special Revenue	243,411	349,923	106,512
Capital Projects	95,714	129	(95,585)
Enterprise	393,127	424,238	31,111
Total	\$1,458,648	\$1,605,562	\$146,914

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$853,760	\$957,016	(\$103,256)
Special Revenue	223,244	282,080	(58,836)
Capital Projects	99,500	43,139	56,361
Enterprise	364,714	484,836	(120,122)
Total	\$1,541,218	\$1,767,071	(\$225,853)

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

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**Note 4 – Deposits**

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

	<u>2021</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$215,661
Other time deposits (Money Market)	<u>159,571</u>
Total carrying amount of deposits held in the Pool	<u><u>375,232</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 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.

***Income Taxes***

The Village levies a municipal income tax of 1.5 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. On December 7th, 2015, Village Council adopted Ordinance 2015-06 amending the Municipal Earning Tax from 1% to 1.5% effective January 1, 2016.

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

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Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. RITA then remits the income tax monies to the Village throughout the year. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

***Workers’ Compensation***

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

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most 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. Errors were noted in the Village’s payment of contributions required through December 31, 2021.



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

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**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:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Replacement OPWC #CB24E	\$37,887	3.00%
Well Field Water Main Replacement OPWC #CT04E	\$14,838	0.00%
First Street Improvements OPWC #CB11T	\$212,558	0.00%
South Road Improvements - OPWC #CT29U	\$119,603	0.00%
Second Street Waterline Replacement OWDA #5879	\$59,969	2.00%
Cleves Waterline Interconnection OWDA #7471	\$13,499	2.51%
Police Cruiser Capital Lease	<u>\$11,168</u>	5.45%
Total	<u>\$469,522</u>	

During 2003, the Village was awarded Ohio Public Works Commission Loan #CB24E in the amount of \$292,000. Proceeds from the loan were used to finance water service replacements. The Village is making semi-annual payments of \$9,761 with the final payment due July 1, 2023.

During 2005, the Village was awarded Ohio Public Works Commission Loan #CT04E in the amount of \$85,992. Proceeds from the loan were used to finance a well field water main replacement. The Village is making semi-annual payments of \$2,150 with the final payment due January 1, 2025.

During 2019, the Village was awarded Ohio Public Works Commission Loan #CB11T in the amount of \$236,180. Proceeds from the loan were used to finance construction on First Street improvements. The Village is making semi-annual payments of \$5,904 with the final payment due in 2039.

During 2019, the Village was awarded Ohio Public Works Commission Loan #CT29U in the amount of \$129,300. Proceeds from the loan were to finance construction on South Road improvements. The Village is making semi-annual payments of \$3,233 with the final payment due in 2022.

During 2011, the Village was awarded Ohio Water Development Authority Loan #5879 in the amount of \$109,556. Proceeds from the loan were used to finance the Second Street Waterline Replacement. The Village is making semi-annual payments of \$3,050 with the final payment due July 1, 2032.

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

During 2018, the Village was awarded an Ohio Water Authority Grant #7471 in the amount of \$38,302 to install a water main interconnection with the Village of Cleves, Ohio. The Village is making semi-annual principal payments of \$2,500 and interest is being capitalized. There currently is not an official amortization schedule. The final payment is due September 1, 2022.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$18,991 to pay lease costs for the year ended December 31, 2019. During 2018, the Village entered into a capital lease purchase agreement with Ford Credit Municipal Finance in the amount of \$81,962. The Capital Lease was for two new 2018 Ford Interceptor police cruisers. The Village is making quarterly payments of \$5,709. Payments are due quarterly with the final payment due April 24, 2022.

***Amortization***

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Capital Lease
2022	\$42,095	\$11,100	\$11,419
2023	42,095	11,100	0
2024	32,334	9,601	0
2025	22,574	6,100	0
2026	18,274	6,100	0
2027-2031	91,370	30,502	0
2032-2036	91,370	6,100	0
2037-2040	58,046	0	0
Total	\$398,158	\$80,603	\$11,419

**Note 10 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

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

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Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	15,146	4,258	20,379	39,783
<i>Total</i>	\$15,146	\$4,258	\$20,379	\$39,783

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

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**Village of Addyston***Hamilton 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$76,960	\$43,710	\$0	\$120,670
Municipal Income Tax	488,570	0	0	488,570
Intergovernmental	69,063	107,023	47,438	223,524
Special Assessments	0	214	0	214
Charges for Services	3,247	0	0	3,247
Fines, Licenses and Permits	67,453	0	0	67,453
Earnings on Investments	551	0	0	551
Unclassified Receipts	0	89,144	0	89,144
Miscellaneous	121,965	8,571	754	131,290
<i>Total Cash Receipts</i>	<u>827,809</u>	<u>248,662</u>	<u>48,192</u>	<u>1,124,663</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	300,333	16,781	0	317,114
Leisure Time Activities	4,236	8,500	0	12,736
Basic Utility Services	126	0	0	126
Transportation	108,281	27,606	0	135,887
General Government	303,122	11,562	0	314,684
Unclassified Expenditures	0	86,819	0	86,819
Capital Outlay	0	17,763	4,620	22,383
Debt Service:				
Principal Retirement	33,376	9,136	0	42,512
Interest and Fiscal Charges	2,805	0	0	2,805
<i>Total Cash Disbursements</i>	<u>752,279</u>	<u>178,167</u>	<u>4,620</u>	<u>935,066</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75,530</u>	<u>70,495</u>	<u>43,572</u>	<u>189,597</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	124	0	0	124
Other Financing Uses	(6,662)	0	0	(6,662)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,538)</u>	<u>0</u>	<u>0</u>	<u>(6,538)</u>
<i>Net Change in Fund Cash Balances</i>	68,992	70,495	43,572	183,059
<i>Fund Cash Balances, January 1</i>	<u>93,712</u>	<u>78,657</u>	<u>2,730</u>	<u>175,099</u>
<i>Fund Cash Balances, December 31</i>	<u>\$162,704</u>	<u>\$149,152</u>	<u>\$46,302</u>	<u>\$358,158</u>

*See accompanying notes to the basic financial statements*

**Village of Addyston**  
*Hamilton 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*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$307,101
Unclassified Receipts	33,885
Miscellaneous	6,815
<i>Total Operating Cash Receipts</i>	<u>347,801</u>
<b>Operating Cash Disbursements</b>	
Unclassified Expenditures	19,349
Personal Services	48,912
Employee Fringe Benefits	16,702
Contractual Services	60,657
Supplies and Materials	22,789
Other	170,459
<i>Total Operating Cash Disbursements</i>	<u>338,868</u>
<i>Operating Income (Loss)</i>	<u>8,933</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	11,002
Intergovernmental Receipts	676
Principal Retirement	(18,194)
Interest and Other Fiscal Charges	(1,877)
Other Financing Uses	(1,889)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(10,282)</u>
<i>Net Change in Fund Cash Balances</i>	(1,349)
<i>Fund Cash Balances, January 1</i>	<u>87,750</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$86,401</u></u>

*See accompanying notes to the basic financial statements*

**Village of Addyston**  
*Hamilton 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 Type
	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	70,009
<i>Total Additions</i>	<u>70,009</u>
<b>Deductions</b>	
Distributions to Other Governments	14,957
Distributions to Other Funds (Primary Gov't)	<u>60,197</u>
<i>Total Deductions</i>	<u>75,154</u>
<i>Net Change in Fund Balances</i>	(5,145)
<i>Fund Cash Balances, January 1</i>	<u>16,053</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,908</u></u>

*See accompanying notes to the basic financial statements*

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**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Addyston (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide 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 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.

***Fire Revenue*** The Fire Revenue fund receives tax levy revenues restricted for the purpose of contract services for fire and EMS services.

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

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Hitchens Park Fund*** The Hitchens Park Fund, formerly the Boat Ramp Fund, accounts for Addyston Park improvements, including a shopping area.

***SCIP Road Fund*** The SCIP Road Fund accounts for road projects administered by the Ohio Public Works Commission (OPWC).

***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.

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

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

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

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

### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 level of control, and appropriations may not exceed estimated resources. The

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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 reappropriated. The Village did not encumber all commitments as required by Ohio law.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$852,519	\$827,933	(\$24,586)
Special Revenue	200,154	248,662	48,508
Capital Projects	202,700	48,192	(154,508)
Enterprise	457,816	359,479	(98,337)
Total	\$1,713,189	\$1,484,266	(\$228,923)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$838,947	\$784,731	\$54,216
Special Revenue	189,517	215,680	(26,163)
Capital Projects	99,500	4,620	94,880
Enterprise	359,401	368,702	(9,301)
Total	\$1,487,365	\$1,373,733	\$113,632

**Note 4 – Deposits**

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

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$83,825
Other time deposits (Money Market)	371,642
Total carrying amount of deposits held in the Pool	455,467

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 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.

***Income Taxes***

The Village levies a municipal income tax of 1.5 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. On December 7th, 2015, Village Council adopted Ordinance 2015-06 amending the Municipal Earning Tax from 1% to 1.5% effective January 1, 2016.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. RITA then remits the income tax monies to the Village throughout the year. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Risk Management**

***Workers’ Compensation***

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

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

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most 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. Errors were noted in the Village’s payment of contributions required through December 31, 2020.

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

The Village’s full-time Police Chief belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. 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 2021. OP&F contributes 0.5 percent to fund these benefits.

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

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Replacement OPWC #CB24E	\$64,403	3.00%
Well Field Water Main Replacement OPWC #CT04E	\$21,497	0.00%
First Street Improvements OPWC #CB11T	\$224,367	0.00%
South Road Improvements - OPWC #CT29U	\$126,068	0.00%
Second Street Waterline Replacement OWDA #5879	\$64,797	2.00%
Cleves Waterline Interconnection OWDA #7471	\$18,074	2.51%
Police Cruiser Capital Lease	<u>\$32,541</u>	5.45%
Total	<u>\$551,747</u>	

During 2003, the Village was awarded Ohio Public Works Commission Loan #CB24E in the amount of \$292,000. Proceeds from the loan were used to finance water service replacements. The Village is making semi-annual payments of \$9,761 with the final payment due July 1, 2023.

During 2005, the Village was awarded Ohio Public Works Commission Loan #CT04E in the amount of \$85,992. Proceeds from the loan were used to finance a well field water main replacement. The Village is making semi-annual payments of \$2,150 with the final payment due January 1, 2025.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

During 2019, the Village was awarded Ohio Public Works Commission Loan #CB11T in the amount of \$236,180. Proceeds from the loan were used to finance construction on First Street improvements. The Village is making semi-annual payments of \$5,904 with the final payment due in 2039.

During 2019, the Village was awarded Ohio Public Works Commission Loan #CT29U in the amount of \$129,300. Proceeds from the loan were to finance construction on South Road improvements. The Village is making semi-annual payments of \$3,233 with the final payment due in 2022.

During 2011, the Village was awarded Ohio Water Development Authority Loan #5879 in the amount of \$109,556. Proceeds from the loan were used to finance the Second Street Waterline Replacement. The Village is making semi-annual payments of \$3,050 with the final payment due July 1, 2032.

During 2018, the Village was awarded an Ohio Water Authority Grant #7471 in the amount of \$38,302 to install a water main interconnection with the Village of Cleves, Ohio. The Village is making semi-annual principal payments of \$2,500 and interest is being capitalized. There currently is not an official amortization schedule. The final payment is due September 1, 2022.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$18,991 to pay lease costs for the year ended December 31, 2019. During 2018, the Village entered into a capital lease purchase agreement with Ford Credit Municipal Finance in the amount of \$81,962. The Capital Lease was for two new 2018 Ford Interceptor police cruisers. The Village is making quarterly payments of \$5,709. Payments are due quarterly with the final payment due April 24, 2022.

***Amortization***

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Capital Lease
2021	\$42,095	\$11,100	\$22,837
2022	42,095	11,100	11,419
2023	42,095	11,100	0
2024	32,334	9,175	0
2025	22,574	6,100	0
2026-2030	91,370	30,502	0
2031-2035	91,370	12,201	0
2036-2040	76,320	0	0
Total	<u>\$440,253</u>	<u>\$91,278</u>	<u>\$34,256</u>

**Note 10 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is



**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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	Enterprise	Total
Outstanding Encumbrances	25,790	37,513	7,874	71,177
<i>Total</i>	\$25,790	\$37,513	\$7,874	\$71,177

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

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VILLAGE OF ADDYSTON  
HAMILTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 & 2020

FINDING NUMBER 2021-001

**Internal Control Deficiency/Noncompliance**

*Financial Reporting*

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to error or fraud as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. In addition, **Ohio Rev. Code § 5705.10(I)** provides that money paid into any fund shall be used only for the purposes for which such fund was established.

The following conditions were noted:

**Year Ended December 31, 2021**

**General Fund**

- Adjustments in the amount of \$32,170, \$64,874, and \$1,235 for a total of \$98,279 were necessary to reduce the January 1, 2021 General Fund cash fund balance.
- Receipts from findings for recovery issued by the Auditor of State in prior engagements and belonging to the General Fund in the total amount of \$2,701 were improperly posted to General Fund Charges for Services receipts. These receipts should have been posted to General Fund Miscellaneous receipts.
- Municipal Income Tax receipts belonging to the General Fund in the total amount of \$37,244 were improperly posted to Water Operating Fund Charges for Services receipts. These receipts should have been posted to General Fund Municipal Income Tax receipts.
- Homestead and rollback receipts belonging to the General Fund in the total amount of \$3,198 were improperly posted to General Fund Property and Other Taxes receipts. These receipts should have been posted to General Fund Intergovernmental receipts.
- A receipt of Property and Other Taxes and Special Assessments belonging to the General Fund and the HC Stormwater Fund in the total gross amount of \$34,082 was improperly posted in entirety net of related fees to the General Fund. This receipt should have been posted to General Fund Property and Other Taxes receipts at the gross amount of \$33,003, General Fund General Government disbursements in the amount of \$1,300, HC Stormwater Fund Special Assessments receipts at the gross amount of \$1,079, and HC Stormwater General Government disbursements in the amount of \$139.
- A receipt of Property and Other Taxes belonging to the General Fund in the gross amount of \$17,453 and the related fees of \$307 were posted at amounts that exceeded the actual gross amount of the receipt and the actual amount of related fees. An adjustment in the amount of \$3,987 was made to reduce Property and Other Taxes receipts and an adjustment in the amount of \$791 was made to reduce the related fees.

**FINDING NUMBER 2021-001  
(Continued)**

- Municipal Income Tax receipts belonging to the General Fund were improperly posted net of related fees in the amount of \$14,642. Municipal Income Tax receipts should have been posted at the gross amount and the related fees of \$14,642 should have been posted to General Fund General Government disbursements.
- The actual cash payments of Principal Retirement and Interest & Fiscal Charges on the Police Cruiser Capital Lease were \$21,372 and \$1,465, respectively. The amounts posted to the Uniform Accounting Network (UAN) accounting system for Principal Retirement and Interest and Fiscal Charges were \$20,718 and \$938, respectively. This resulted in an understatement of General Fund Principal Retirement and an understatement of Interest & Fiscal Charges in the amounts of \$654 and \$527, respectively.
- Various receipts in immaterial amounts ranging from \$134 to \$1,498 were improperly posted to the General Fund.

**Street Construction Maintenance and Repair Fund**

- Adjustments in the net amount of \$50,368 were necessary to decrease the January 1, 2021 Street Construction Maintenance and Repair Fund cash fund balance.
- Receipts from gasoline taxes belonging to the Street Construction Maintenance and Repair Fund in the total amount of \$39,990 were improperly posted to Street Construction Maintenance and Repair Fund Property and Other Taxes receipts. These receipts should have been posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts.
- Receipts from motor vehicle license taxes belonging to the Street Construction Maintenance and Repair Fund in the total amount of \$5,036 were improperly posted to Street Construction Maintenance and Repair Fund Property and Other Taxes receipts. These receipts should have been posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts.
- Actual cash payments of Principal Retirement in the amount of \$18,274 on two Ohio Public Works Commission (OPWC) Loans (OPWC CB11T and CT29U) were posted to the UAN accounting system as Transportation Expense. These payments should have been posted as principal.

**State Highway Fund**

- Adjustments in the net amount of \$5,248 were necessary to decrease the January 1, 2021 State Highway Fund cash fund balance.
- Receipts from gasoline taxes belonging to the State Highway Fund in the total amount of \$3,243 were improperly posted to State Highway Fund Property and Other Taxes receipts. These receipts should have been posted to State Highway Fund Intergovernmental receipts
- Receipts from motor vehicle license taxes belonging to the State Highway Fund ranging in immaterial amounts from \$35 to \$335 were improperly posted to other funds.

**Permissive Motor Vehicle License Tax Fund**

- Adjustments in the net amount of \$70,964 were necessary to decrease the January 1, 2021 Permissive Motor Vehicle License Tax Fund cash fund balance.

**FINDING NUMBER 2021-001  
(Continued)**

- Receipts from permissive motor vehicle license taxes in immaterial amounts ranging from \$159 to \$1,468 were improperly posted.

**Fire Fund**

- Adjustments in the net amount of \$4,242 were necessary to decrease the January 1, 2021 Fire Fund cash fund balance.
- Receipts of Property and Other Local Taxes and certain Intergovernmental receipts ranging in amounts from \$767 to \$844 were improperly posted.

**Drug Law Enforcement Trust Fund**

- Adjustments in the net amount of \$3,597 were necessary to decrease the January 1, 2021 Drug Law Enforcement Trust Fund cash balance
- A miscellaneous receipt belonging to the Drug Law Enforcement Trust Fund in the amount of \$1,485 was improperly posted to Drug Law Enforcement Trust Fund Intergovernmental receipts. This receipt should have been posted to Drug Law Enforcement Trust Fund Miscellaneous receipts.

**Federal Emergency Management Agency Fund**

- An adjustment in the amount of \$197 was necessary to decrease the January 1, 2021 Federal Emergency Management Agency Fund cash balance.

**HC Stormwater Fund**

- An adjustment in the amount of \$93 was necessary to increase the January 1, 2021 HC Stormwater Fund cash balance.
- Special Assessments receipts in the amount of \$3,180 and related fees of \$404 were not posted to the HC Stormwater Fund.

**Coronavirus Relief Fund**

- An adjustment in the amount of \$14,363 was necessary to decrease the January 1, 2021 Coronavirus Relief Fund cash balance.
- A Miscellaneous receipt belonging to the Coronavirus Relief Fund in the amount of \$3,281 was improperly posted to Coronavirus Relief Fund Intergovernmental receipts. This receipt should have been posted to Coronavirus Relief Fund Miscellaneous receipts.

**ABPA Debt Service Loans Fund**

- The beginning cash fund balance at January 1, 2021 of \$6,552 at January 1, 2021, Charges for Services receipts in the amount of \$48,603, and Capital Outlay disbursements in the amount of \$29,045 of the APBA Debt Service Loans Fund were reclassified to the Water Operating Fund.

**Other Debt Service Loans Fund**

- The beginning cash fund balance at January 1, 2021 of \$20,237 was reclassified to the Water Operating Fund.

**FINDING NUMBER 2021-001  
(Continued)**

**SCIP Road Fund**

- An adjustment in the amount of \$16,618 was necessary to increase the January 1, 2021 HC SCIP Road Fund cash balance.

**Water Operating Fund**

- A net adjustment in the amount of \$38,439 was necessary to increase the January 1, 2021 Water Operating Fund cash balance.
- Miscellaneous receipts belonging to the Water Operating Fund in the total amount of \$4,268 were improperly posted to Water Operating Fund Charges for Services receipts. These receipts should have been posted to Water Operating Fund Miscellaneous receipts.
- A receipt of Property and Other Taxes belonging to the Water Operating Fund in the gross amount of \$2,543 was posted at an amount that was understated by \$1,236.
- Actual cash payments of Principal Retirement in the amount of \$33,176 on two OPWC Water System Service Replacements Loans (OPWC CB24E and CT04E) were posted to the UAN accounting system to various expenditure line items. These payments should have been posted as principal.
- Actual cash payments of Principal Retirement in the amount of \$9,828 on two Ohio Water Development Authority (OWDA) Loans (OWDA 7471 and 5879) were posted to the UAN accounting system to various expenditure line items. These payments should have been posted as principal.
- Actual cash payments of Interest and Fiscal Charges in the amount of \$2,766 on the OPWC Water System Service Replacements Loan (OPWC CB24E) were not posted to the UAN accounting system as interest.
- Actual cash payments of Interest and Fiscal Charges in the amount of \$1,272 on the OWDA Second Street Waterline Replacement Loan (OWDA 5879) were not posted to the UAN accounting system as interest.
- Various types of receipts of immaterial amounts ranging from \$100 to \$500 were improperly posted.

**Sewer Operating Fund**

- A net adjustment in the amount of \$2,784 was necessary to decrease the January 1, 2021 Sewer Operating Fund cash balance.
- Charges for Services receipts belonging to the Sewer Operating Fund in the total amount of \$6,035 were improperly posted to Water Operating Fund Charges for Services receipts. These receipts should have been posted to Sewer Operating Fund Charges for Services.
- Receipts of Property and Other Local Taxes and certain Intergovernmental receipts in amounts ranging from \$27 to \$118 were improperly posted.

**Christmas Fund (reported by the Village as an Internal Service fund)**

- The Christmas Fund beginning cash fund balance of \$826 was reclassified to a Special Revenue fund. (There was no activity in this fund for the year ended December 31, 2021.)

**FINDING NUMBER 2021-001  
(Continued)**

**We Thrive Fund (reported by the Village as an Internal Service fund)**

- The We Thrive Fund beginning cash fund balance at January 1, 2021 of \$8,834, Miscellaneous receipts in the amount of \$8,500, and Leisure Time disbursements in the amount of \$8,500, and the ending cash fund balance at December 31, 2021 of \$8,834 were reclassified to a Special Revenue Fund.

**Mayor’s Court Custodial Fund**

- The Village did not report the cash fund balance and activity of the Mayor’s Court Custodial Fund in the Uniform Accounting Network (UAN) accounting system or on the unaudited financial statements for the year ended December 31, 2021. Adjustments were made to add the following to the financial statements for the year ended December 31, 2021: (1) beginning cash fund balance at January 1, 2021 of \$10,908; (2) Fines, Licenses, and Permits for Distribution in the amount of \$76,151; (3) Distributions to the Other Funds in the amount of \$75,088; (4) Distributions to Other Governments in the amount of \$9,571; and (5) ending cash fund balance at December 31, 2021 of \$2,399.

**Notes to the Financial Statements**

- The Summary of Significant Accounting Policies Note (Note 2) omitted disclosure of the Coronavirus Relief Fund as a significant Special Revenue fund.
- The Summary of Significant Accounting Policies Note (Note 2) omitted disclosure of the SCIP Road Fund as a significant Capital Projects fund.
- The Budgetary Activity Note (Note 3) contained errors in the Budgeted Receipts versus Actual Receipts table as noted below:

<b>Fund Type</b>	<b>Budgeted Receipts as Reported by the Village</b>	<b>Correct Amount of Budgeted Receipts</b>	<b>Variance</b>	<b>Actual Receipts as Reported by the Village</b>	<b>Correct Amount of Actual Receipts</b>	<b>Variance</b>
General Fund	\$1,088,869	\$726,396	\$362,473	\$1,016,585	\$831,272	\$185,313
Special Revenue	297,034	243,411	53,623	236,694	349,923	(113,229)
Capital Projects	94,870	95,714	(844)	94,870	129	94,741
Enterprise	526,788	393,127	133,661	480,384	424,238	56,146
<b>Totals</b>	<b>\$2,007,561</b>	<b>\$1,458,648</b>	<b>\$548,913</b>	<b>\$1,828,533</b>	<b>\$1,605,562</b>	<b>\$222,971</b>

- The Budgetary Activity Note (Note 3) contained errors in the Budgeted versus Actual Budgetary Basis Expenditures table as noted below:

**FINDING NUMBER 2021-001  
(Continued)**

<b>Fund Type</b>	<b>Appropriation Authority as Reported by the Village</b>	<b>Correct Amount of Appropriation Authority</b>	<b>Variance</b>	<b>Budgetary Expenditures as Reported by the Village</b>	<b>Correct Amount of Budgetary Expenditures</b>	<b>Variance</b>
General Fund	\$926,050	\$853,760	\$72,290	\$926,716	\$957,016	(\$30,300)
Special Revenue	155,414	223,244	(67,830)	166,153	282,080	(115,927)
Capital Projects	39,334	99,500	(60,166)	34,778	43,139	(8,361)
Enterprise	454,620	364,714	89,906	396,498	484,836	(88,338)
Fiduciary	8,789	0	8,789	8,789	0	8,789
<b>Totals</b>	<b>\$1,584,207</b>	<b>\$1,541,218</b>	<b>\$42,989</b>	<b>\$1,532,934</b>	<b>\$1,767,071</b>	<b>(\$234,137)</b>

- The Deposits Note (Note 4) omitted disclosure of deposit amounts as follows:

<b>Cash Management Pool</b>	
Demand Deposits	\$215,661
Other Time Deposits	159,571
<b>Total Carrying Amount of Deposits</b>	<b>\$375,232</b>

- The Deposits Note (Note 4) omitted a disclosure of deposits being collateralized through the Ohio Pooled Collateral System (OPCS).
- The Risk Management Note (Note 6) omitted a disclosure that workers' compensation is provided by the State of Ohio and the Village pays the Ohio Bureau of Workers' Compensation a premium based on a rate of \$100 of salaries.
- The Defined Benefit Pension Plans Note (Note 7) incorrectly reported the Ohio Public Employees Retirement System (OPERS) employer contribution rate at 19.50%. The correct rate which should have been reported was 14%.
- The Debt Note (Note 9) reported incorrect outstanding principal balances at December 31, 2021 for six debt issues and omitted the outstanding principal balance at December 31, 2021 for one issue as follows:



**FINDING NUMBER 2021-001  
 (Continued)**

<b>Issue</b>	<b>Principal Outstanding Balance at December 31, 2021 as reported by the Village</b>	<b>Correct Amount of Principal Outstanding Balance at December 31, 2021</b>	<b>Variance</b>
Ohio Public Works Commission (OPWC) Water System Service Replacements (OPWC CB24E); interest rate 3%	\$28,425	\$37,887	(\$9,462)
OPWC Well Field Water Main Replacement (OPWC CT04E); interest rate 0%	12,899	14,838	(1,939)
OPWC First Street Improvements (OPWC CB11T); interest rate 0%	200,753	212,558	(11,805)
OPWC South Road Improvements (OPWC CT29U); interest rate 0%	113,138	119,603	(6,465)
Ohio Water Development Authority (OWDA) Second Street Waterline Replacement (OWDA 5879); interest rate 2%	55,043	59,969	(4,926)
OWDA Cleves Waterline Connection (OWDA 7471); interest rate 2.51%	16,037	13,499	2,538
Police Cruiser Capital Lease; interest rate 5.45%	0	11,168	(11,168)
<b>Totals</b>	<b>\$426,295</b>	<b>\$469,522</b>	<b>(\$43,227)</b>

- The Debt Note (Note 9) omitted disclosure of future amortization of debt as follows:

<b>Year Ending December 31</b>	<b>OPWC Loans</b>	<b>OWDA Loans</b>	<b>Police Cruiser Capital Lease</b>	<b>Total</b>
2022	\$42,095	\$11,100	\$11,419	\$64,614
2023	42,095	11,100	0	53,195
2022	32,334	9,601	0	41,935
2025	22,574	6,100	0	28,674
2026	18,274	6,100	0	24,374
2027-2031	91,370	30,502	0	121,872
2032-2036	91,370	6,100	0	97,470
2037-2040	58,046	0	0	58,046
<b>Totals</b>	<b>\$398,158</b>	<b>\$80,603</b>	<b>\$11,419</b>	<b>\$490,180</b>

- The Village omitted a Fund Balance note disclosure (Note #10) that includes outstanding encumbrances at December 31, 2021.

**FINDING NUMBER 2021-001  
(Continued)**

**Year Ended December 31, 2020**

**General Fund**

- The Village improperly reported the January 1, 2020 General Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$2,363 was made to increase the January 1, 2020 cash fund balance.
- Receipts from findings for recovery issued by the Auditor of State in prior engagements and belonging to the General Fund in the total amount of \$5,347 were improperly posted to General Fund Charges for Services receipts. These receipts should have been posted to General Fund Miscellaneous receipts.
- Receipts from various refunds and reimbursements belonging to the General Fund in the total amount of \$4,582 were improperly posted to General Fund Charges for Services. These receipts should have been posted to General Fund Miscellaneous receipts.
- Receipts from fines, licenses, and permits belonging to the General Fund in the total amount of \$677 were improperly posted to General Fund Charges for Services receipts. These receipts should have been posted to General Fund Fines, Licenses and Permits receipts.
- A receipt from gasoline taxes belonging to the Street Construction Maintenance and Repair Fund and the State Highway Fund in the amount of \$3,701 was improperly posted to General Fund Property and Other Taxes receipts. This receipt should have been posted to the Street Construction Maintenance and Repair Fund Intergovernmental receipts and to State Highway Fund Intergovernmental receipts in the amounts of \$3,423 and \$278, respectively.
- A homestead and rollback receipt belonging to the General Fund in the amount of \$1,675 was improperly posted to General Fund Property and Other Taxes receipts. This receipt should have been posted to General Fund Intergovernmental receipts.
- A homestead and rollback receipt in the amount of \$2,918 belonging to the General Fund, Fire Fund, Sewer Operating Fund, and Water Operating fund was posted in entirety to General Fund Property and Other Taxes receipts. This receipt should have been posted to General Fund Intergovernmental receipts, Fire Fund Intergovernmental receipts, Sewer Operating Fund Intergovernmental receipts, and Water Operating Fund Intergovernmental receipts in the amounts of \$1,689, \$889, \$83, and \$257, respectively.
- Property and Other Taxes receipts belonging to the General Fund were improperly posted net of related fees in the amount of \$745.
- An Intergovernmental receipt from the Ohio Public Works Commission belonging to the SCIP Road Fund in the amount of \$16,618 was improperly posted to General Fund Charges for Services receipts. This receipt should have been posted to SCIP Road Fund Intergovernmental receipts.
- A receipt from an Ohio Bureau of Worker's Compensation refund belonging to the General Fund in the amount of \$14,363 was improperly posted to Coronavirus Relief Fund Intergovernmental receipts. This receipt should have been posted to General Fund Miscellaneous receipts.
- A receipt from an Ohio Bureau of Worker's Compensation refund belonging to the General Fund in the amount of \$10,500 was improperly posted to General Fund Charges for Services receipts. This receipt should have been posted to General Fund Miscellaneous receipts.

**FINDING NUMBER 2021-001  
(Continued)**

- A receipt from the Ohio Bureau of Workers' Compensation refund belonging to the General Fund in the amount of \$50,938 was improperly posted to General Fund Charges for Services receipts. This receipt should have been posted to General Fund Miscellaneous receipts.
- A receipt from an insurance claim belonging to the General Fund in the amount of \$5,347 was improperly posted as General Fund Charges for Services receipts. This receipt should have been posted to General Fund Miscellaneous receipts.
- A receipt from the United States Department of Treasury for the return of contributions belonging to the General Fund in the amount of \$2,147 was improperly posted to General Fund Charges for Services receipts. This receipt should have been posted to General Fund Miscellaneous receipts.
- Income tax receipts were improperly posted at net. Therefore, General Government disbursements and Municipal Income Tax receipts were understated by \$14,230.
- A grant receipt from the Ohio Department of Natural Resources belonging to the General Fund in the amount of \$37,717 was improperly posted to General Fund Charges for Services. This receipt should have been posted to General Fund Intergovernmental receipts.
- The Village recorded a Capital Outlay disbursement from the Fire Fund in the amount of \$25,000 for a check issued to a vendor. The bank issued a refund to the Village because the check was not cashed by the vendor. The refund was improperly posted to General Fund Charges for Services. The refund should have been posted as a reduction of Capital Outlay disbursements in the Fire Fund.
- The actual cash payments of Principal Retirement and Interest & Fiscal Charges on the Police Cruiser Capital Lease were \$20,146 and \$2,691, respectively. The amounts posted to the Uniform Accounting Network (UAN) accounting system for Principal Retirement and Interest & Fiscal Charges were \$15,221 and \$1,856, respectively. This resulted in an understatement of General Fund Principal Retirement and an understatement of Interest & Fiscal Charges in the amounts of \$4,925 and \$834, respectively.
- The actual cash payments of Principal Retirement and Interest & Fiscal Charges on the PNC Capital Improvement Loan were \$13,229 and \$114, respectively. These payments were incorrectly posted to the UAN accounting system as General Government disbursements.
- Various receipts of immaterial amounts ranging from \$24 to \$250 were improperly posted.

**Street Construction Maintenance and Repair Fund**

- The Village improperly reported the January 1, 2020 Street Construction Maintenance and Repair Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$67,143 was made to increase the January 1, 2020 cash fund balance.
- Receipts from gasoline taxes belonging to the Street Construction Maintenance and Repair Fund in the total amount of \$32,017 were improperly posted to Street Construction Maintenance and Repair Fund Property and Other Taxes receipts. These receipts should have been posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts.

**FINDING NUMBER 2021-001  
(Continued)**

- A receipt from gasoline taxes belonging to the Street Construction Maintenance and Repair Fund and the State Highway Fund in the amount of \$3,853 was improperly posted to Permissive Motor Vehicle License Tax Fund Property and Other Taxes receipts. This receipt should have been posted to the Street Construction Maintenance and Repair Fund Intergovernmental receipts and to State Highway Fund Intergovernmental receipts in the amounts of \$3,564 and \$289, respectively.
- Receipts from gasoline taxes belonging to the Street Construction Maintenance and Repair Fund in the total amount of \$4,528 were improperly posted to Street Construction Maintenance and Repair Fund Property and Other Taxes receipts. These receipts should have been posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts.
- A receipt from motor vehicle license taxes belonging to the Street Construction Maintenance and Repair Fund and the State Highway Fund in the total amount of \$534 was improperly posted to Permissive Motor Vehicle License Tax Fund Property and Other Taxes receipts. This receipt should have been posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts and State Highway Fund Intergovernmental receipts in the amounts of \$494 and \$40, respectively.
- A receipt from motor vehicle license taxes belonging to the State Highway Fund in the amount of \$35 was improperly posted to Street Construction Maintenance and Repair Fund Intergovernmental receipts. This receipt should have been posted to State Highway Fund Intergovernmental receipts.
- Actual cash payments of Principal Retirement in the amount of \$9,136 on two Ohio Public Works Commission (OPWC) Improvements Loans (OPWC CB11T and CT29U) were not posted to the UAN accounting system.

**State Highway Fund**

- The Village improperly reported the January 1, 2020 State Highway Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$6,345 was made to increase the January 1, 2020 cash fund balance.
- Receipts from gasoline taxes belonging to the State Highway Fund in the total amount of \$2,323 were improperly posted to State Highway Fund Property and Other Taxes receipts. These receipts should have been posted to State Highway Fund Intergovernmental receipts.
- Receipts from permissive motor vehicle license taxes belonging to the State Highway Fund in the total amount of \$183 were improperly posted to Permissive Motor Vehicle License Tax Fund Property and Other Taxes receipts. These receipts should have been posted to State Highway Fund Intergovernmental receipts.
- Various receipts of immaterial amounts ranging from \$149 to \$273 were improperly posted.

**Permissive Motor Vehicle License Tax Fund**

- The Village improperly reported the January 1, 2020 Permissive Motor Vehicle License Tax Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$76,573 was made to decrease the January 1, 2020 cash fund balance.
- Receipts from permissive motor vehicle license taxes belonging to the Permissive Motor Vehicle License Tax Fund in the total amount of \$1,912 were improperly posted to Permissive Motor Vehicle License Tax Fund Property and Other Taxes receipts. These receipts should have been posted to Permissive Motor Vehicle License Tax Fund Intergovernmental receipts.

**FINDING NUMBER 2021-001  
(Continued)**

**Fire Fund**

- The Village improperly reported the January 1, 2020 Fire Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$19,092 was made to increase the January 1, 2020 cash fund balance.
- Receipts from payments in lieu of taxes belonging to the Fire Fund in the total amount of \$15 were improperly posted to Fire Fund Property and Other Taxes receipts. These receipts should have been posted to Fire Fund Miscellaneous receipts.
- A homestead and rollback receipt in the amount of \$883 belonging to the Fire Fund was improperly posted to Fire Fund Property and Other Taxes receipts. This receipt should have been posted to Fire Fund Intergovernmental receipts.
- Property and Other Taxes receipts belonging to the Fire Fund were improperly posted net of related fees in the amount of \$466. Property and Other Taxes receipts should have been posted at the gross amount and the related fees of \$883 should have been posted to Fire Fund General Government disbursements.

**Drug Law Enforcement Trust Fund**

- The Village improperly reported the January 1, 2020 Drug Law Enforcement Trust Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$3,375 was made to increase the January 1, 2020 cash fund balance.

**Federal Emergency Management Agency Fund**

- The Village improperly reported the January 1, 2020 Federal Emergency Management Agency Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$12,571 was made to decrease the January 1, 2020 cash fund balance.

**HC Stormwater Fund**

- A special assessments receipt belonging to the HC Stormwater Fund was improperly posted to HC Stormwater Fund Intergovernmental receipts in the amount of \$93. This receipt should have been posted to HC Stormwater Fund Special Assessments receipts.

**ABPA Debt Service Loans Fund**

- The Village improperly reported the January 1, 2020 ABPA Debt Service Loans Fund cash fund balance on the unaudited financial statements for the year ended December 31, 2020. An adjustment in the amount of \$22,267 was made to increase the January 1, 2020 cash fund balance.
- The ABPA Debt Service Loans fund beginning cash fund balance of \$22,267, Charges for Services receipts in the amount of \$20,612, and Capital Outlay disbursements in the amount of \$17,461 were reclassified to the Water Operating Fund.

**Other Debt Service Loans Fund**

- The beginning cash fund balance at January 1, 2020, Charges for Services receipts in the amount of \$20,522, and Loans Issued in the amount of \$2,325 of the Other Debt Service Loans Fund were reclassified to the Water Operating Fund

**FINDING NUMBER 2021-001  
(Continued)**

**SCIP Road Fund**

- A disbursement made by the Ohio Public Works Commission on behalf of the Village in the amount of \$4,620 was not posted to the SCIP Road Fund. This disbursement should have been posted to SCIP Road Fund Intergovernmental receipts and SCIP Road Capital Outlay disbursements.
- A grant receipt from Hamilton County in the amount of \$26,200 belonging to the SCIP Road Fund was improperly posted to SCIP Road Fund Miscellaneous receipts. This receipt should have been posted to SCIP Road Fund Intergovernmental receipts.

**Water Operating Fund**

- An adjustment in the amount of \$19,349 was necessary to increase the January 1, 2020 Water Operating Fund cash balance.
- Receipts from findings for recovery issued by the Auditor of State in prior engagements and belonging to the Water Operating Fund in the total amount of \$1,808 were improperly posted to Water Operating Fund Charges for Services. These receipts should have been posted to Water Operating Fund Miscellaneous receipts.
- Receipts from refunds, reimbursements, and Ohio Bureau of Workers' Compensation rebates belonging to the Water Operating Fund in the total amount of \$4,580 were improperly posted to Water Operating Fund Charges for Services. These receipts should have been posted to Water Operating Fund Miscellaneous receipts.
- Various receipts of immaterial amounts ranging from \$147 to \$254 were improperly posted.

**Sewer Operating Fund**

- An adjustment in the amount of \$3,475 was necessary to decrease the January 1, 2020 Sewer Operating Fund cash balance.
- Various receipts of immaterial amounts ranging from \$59 to \$82 were improperly posted.

**Water County Fund**

- An adjustment in the amount of \$8,143 was necessary to decrease the January 1, 2020 Water County Fund cash balance.

**Christmas Fund (reported by the Village as an Internal Service Fund)**

- The Christmas Fund beginning cash fund balance of \$826 was reclassified to a Special Revenue Fund. (There was no activity in this fund for the year ended December 31, 2020.)

**We Thrive Fund (reported by the Village as an Internal Service Fund)**

- The We Thrive Fund beginning cash fund balance at January 1, 2020 of \$8,834, Miscellaneous receipts in the amount of \$8,500, and Supplies and Materials disbursements in the amount of \$8,500, and the ending cash fund balance at December 31, 2020 of \$8,834 were reclassified to a Special Revenue Fund.

**FINDING NUMBER 2021-001  
 (Continued)**

**Mayor's Court Custodial Fund**

- The Village did not report the cash fund balance and activity of the Mayor's Court Custodial Fund in the Uniform Accounting Network (UAN) accounting system or on the unaudited financial statements for the year ended December 31, 2020. Adjustments were made to add the following to the financial statements for the year ended December 31, 2020: (1) beginning cash fund balance on January 1, 2020 of \$16,053; (2) Fines, Licenses, and Permits for Distribution in the amount of \$70,009; (3) Distributions to Other Funds in the amount of \$60,197; (4) Distributions to Other Governments in the amount of \$14,957; and (5) ending cash fund balance at December 31, 2020 of \$10,908.

**Notes to the Financial Statements**

- The Summary of Significant Accounting Policies Note (Note 2) omitted disclosure of the SCIP Road Fund as a significant Capital Projects fund.
- The Budgetary Activity Note (Note 3) contained errors in the Budgeted Receipts versus Actual Receipts table as noted below:

<b>Fund Type</b>	<b>Budgeted Receipts as Reported by the Village</b>	<b>Correct Amount of Budgeted Receipts</b>	<b>Variance</b>	<b>Actual Receipts as Reported by the Village</b>	<b>Correct Amount of Actual Receipts</b>	<b>Variance</b>
General Fund	\$986,334	\$852,519	\$133,815	\$845,128	\$827,933	\$17,195
Special Revenue	180,845	200,154	(19,309)	185,148	248,662	(63,514)
Debt Service	138,228	0	138,228	22,937	0	22,937
Capital Projects	72,100	202,700	(130,600)	26,954	48,192	(21,238)
Enterprise	341,617	457,816	(116,199)	301,862	359,479	(57,617)
<b>Totals</b>	<b>\$1,719,124</b>	<b>\$1,713,189</b>	<b>\$5,935</b>	<b>\$1,382,029</b>	<b>\$1,484,266</b>	<b>(\$102,237)</b>

- The Budgetary Activity Note (Note 3) omitted a table of Budgeted versus Actual Budgetary Basis Expenditures. The following table should have been presented:

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Basis Expenditures</b>	<b>Variance</b>
General Fund	\$838,947	\$784,731	\$54,216
Special Revenue	189,517	215,680	(26,163)
Capital Projects	99,500	4,620	94,880
Enterprise	359,401	368,702	(9,301)
<b>Totals</b>	<b>\$1,487,365</b>	<b>\$1,373,733</b>	<b>\$113,632</b>

- The Deposits Note (Note 4) omitted disclosure of deposits amounts as follows:

<b>Cash Management Pool</b>	
Demand Deposits	\$83,825
Other Time Deposits	371,642
Total Carrying Amount of Deposits	<b>\$455,467</b>

**FINDING NUMBER 2021-001  
(Continued)**

- The Deposits Note (Note 4) omitted a disclosure of deposits being collateralized through the Ohio Pooled Collateral System (OPCS).
- The Risk Management Note (Note 6) omitted a disclosure that workers' compensation is provided by the State of Ohio and the Village pays the Ohio Bureau of Workers' Compensation a premium based on a rate of \$100 of salaries.
- The Village omitted a Postemployment Benefits note disclosure.
- The Debt Note (Note 9) incorrectly reported outstanding principal balances at December 31, 2020 for all debt issues except the Police Cruiser Capital Lease as follows:

<b>Issue</b>	<b>Principal Outstanding Balance at December 31, 2020 as reported by the Village</b>	<b>Correct Amount of Principal Outstanding Balance at December 31, 2020</b>	<b>Variance</b>
Ohio Public Works Commission (OPWC) Water System Service Replacements (OPWC CB24E); interest rate 3%	\$90,015	\$64,403	\$25,612
OPWC Well Field Water Main Replacement (OPWC CT04E); interest rate 0%	27,947	21,497	6,450
OPWC First Street Improvements (OPWC CB11T); interest rate 0%	224,275	224,367	(92)
OPWC South Road Improvements (OPWC CT29U); interest rate 0%	129,300	126,068	3,212
Ohio Water Development Authority (OWDA) Second Street Waterline Replacement (OWDA 5879); interest rate 2%	78,710	64,797	13,913
OWDA Cleves Waterline Connection (OWDA 7471); interest rate 2.51%	54,000	18,074	35,926
Police Cruiser Capital Lease; interest rate 5.45%	32,541	32,541	0
<b>Totals</b>	<b>\$636,788</b>	<b>\$551,747</b>	<b>\$85,012</b>



**FINDING NUMBER 2021-001  
 (Continued)**

- The Debt Note (Note 9) omitted disclosure of future amortization of debt as follows:

<b>Year Ending December 31</b>	<b>OPWC Loans</b>	<b>OWDA Loans</b>	<b>Police Cruiser Capital Lease</b>	<b>Total</b>
2021	\$42,095	\$11,100	\$22,837	\$76,032
2021	42,095	11,100	11,419	64,614
2023	42,095	11,100	0	53,195
2024	32,334	9,175	0	41,509
2025	22,574	6,100	0	28,674
2026-2030	91,370	30,502	0	121,872
2031-2035	91,370	12,201	0	103,571
2036-2040	76,320	0	0	76,320
<b>Totals</b>	<b>\$440,253</b>	<b>\$91,278</b>	<b>\$34,256</b>	<b>\$565,787</b>

- The Village omitted a Fund Balance note disclosure (Note #10) that includes outstanding encumbrances at December 31, 2020.

The financial statements, notes to the financial statements, and the Uniform Accounting Network (UAN) system have been adjusted for the errors noted above, where applicable.

The Village did not have procedures in place to ensure effective monitoring of the Village’s financial activity and the accuracy of accounting and financial reporting. The Village Clerk has sole responsibility over accounting and financial reporting. Due to the small size of the Village, it is important that the Village Council take an active role in monitoring the posting of financial activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and in financial statement preparation to assist in accurate and proper reporting of the Village’s financial activity. In addition, the Village Council should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**Officials Response:**

The Council Finance Chairman will recommend to the committee and to Council that the Village use the services of a CPA to complete the Annual Year End Hinkle Report.

**FINDING NUMBER 2021-002**

**Internal Control Deficiency**

*Cash Reconciliations*

Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**FINDING NUMBER 2021-002  
(Continued)**

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Village Clerk is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

The Village retained the Local Government Services (LGS) Division of the Auditor of State for assistance in performing cash reconciliations for the years ended December 31, 2021 and 2020.

For January 2020 through December 2021 the Village reported an "Other Adjusting Factor" of \$(70,034) on its bank reconciliations. The Village made an adjustment in December 2021 of \$70,034 with the assistance of LGS to remove the "Other Adjusting Factor" and to balance the Village's books to its bank statement on its reconciliation.

The \$70,304 "Other Adjusting Factor" consisted of adjustments identified by LGS. This caused the Village's total fund balance to be misstated by \$70,034 on the January 2020 through November 2021 reconciliations until it was corrected by the Village in December 2021. This also caused the 2020 financial statements to report a total fund balance that was understated by \$70,034.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Village Clerk should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

The \$70,304 other adjusting factors were identified and included in the bank reconciliations completed by LGS.

**FINDING NUMBER 2021-003**

**Internal Control Deficiency**

*Mayor's Court Bank Reconciliations and Accounting for Mayor's Court Activity*

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to the accounting system records (book) is the most basic and primary control process performed. Lack of completing accurate and timely reconciliations may allow for accounting errors, theft and fraud to occur without timely detection.

**FINDING NUMBER 2021-003  
 (Continued)**

The Mayor’s Court Clerk is responsible for reconciling the bank balance to the book balance on a monthly basis and the Mayor or a supervisor is responsible for reviewing the reconciliations and related supporting documentation. During 2021 and 2020, the Mayor’s Court Clerk did not prepare monthly bank reconciliations to reconcile the Mayor’s Court cash bank balance to the book balance as reported in the Mayor’s Court Baldwin accounting system. Therefore, the Village retained the services of the Local Government Services Division (LGS) of the Auditor of State to reconcile the account at December 31, 2021 and 2020.

Also, the Mayor’s Court cash receipts and expenditures reported in the Baldwin accounting system did not agree to the activity reported in the Mayor’s Court bank statements. The following variances were noted:

	<b>Amount per Mayor’s Court Bank Statements</b>	<b>Amount per Baldwin Accounting System Reports</b>	<b>Variance</b>
2021 Receipts	\$76,151	\$75,260	\$891
2021 Disbursements	84,660	74,960	9,700
2020 Receipts	70,009	71,039	(1,030)
2020 Disbursements	75,154	67,949	7,205

Finally, for both 2021 and 2020, the Village did not record the beginning cash fund balance, cash receipts, cash disbursements, and ending cash fund balance in the Uniform Accounting Network (UAN) accounting system. Therefore, no amounts for Mayor’s Court activity and cash fund balances were reported on the 2021 and 2020 financial statements submitted to the Auditor of State as noted in Finding Number 2021-001. The accompanying financial statements were corrected to report the Mayor’s Court activity.

The conditions noted above indicate a failure to properly account for Mayor’s Court activity, resulting in errors in financial reporting and an increased risk that additional errors, theft or fraud could occur and not be detected in a timely manner.

The Village officials should perform a detailed review of the processes and procedures for accounting for Mayor’s Court activity. Controls should be established to help ensure the following:

- Receipts and disbursements are accurately posted to the UAN accounting system and agree to the receipts and disbursements reported in the Mayor’s Court bank statements and Baldwin accounting system reports.
- Bank reconciliations are performed on a monthly basis, are reconciled to the Baldwin accounting system book balance, and are subject to written review and approval by the Mayor or a supervisor. The related support (such as reconciling items) should also be reviewed and the review should be documented. Variances should be investigated, documented and corrected.
- Mayor’s court activity and cash balances are reported in the UAN accounting system as a Custodial Fund.

**Officials’ Response:**

The Finance Committee Chairman is recommending to the committee and Council that the Mayor’s Court monthly bank reconciliations be presented to Council at the Council meetings when the Village Clerk reports the Village monthly bank reconciliation so it is included in Council minutes.

**FINDING NUMBER 2021-004**

**Noncompliance/Internal Control Deficiency**

*Mayor's Court Compliance*

**Ohio Rev. Code § 733.40** states that all monies collected shall be paid by the mayor to the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

**Ohio Rev. Code §§ 1907.24(C), 2303.201(C), 2743.70(A), 2949.091(A)-(B), and 3109.14** state that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state.

**Ohio Rev. Code § 1901.261** allows the Mayor's Court to collect and requires the Mayor's Court to remit court computerization costs collected on all cases to the Village Computerization Fund.

The following conditions were identified relating to the above criteria:

- The Court collected various fines that were required to be remitted to the State of Ohio under Ohio Rev. Code §§ 2949.091, 2743.070 and 3949.094. The Court did not timely remit to the State by the twentieth day of the month following collection for one of 12 months (8%) in 2021 and one of 12 months (8%) in 2020.
- The Court collected monies for various fines and court costs from citations issued by the Village Police Department. The Court failed to timely remit those collections to the Village on the first Monday of the month following collection for ten of 12 months (83%) in 2021 and for four of 12 (33%) months in 2020.
- The Village failed to establish a Court Computerization Fund. All court computerization monies were deposited in the General Fund.
- The Village failed to remit \$1,126 to the State of Ohio for July of 2021.
- The Village failed to remit \$1,038 to the State of Ohio for August of 2020.
- The Court made a remittance of \$5,888 to the Village for December 2020. This was \$100 less than the amount listed for distribution to the Village on the Mayor's Court monthly report.

The Village should ensure that compliance requirements for the Mayor's Court are met by requiring an administrator or the Mayor to review the applicable requirements of the Ohio Rev. Code and to monitor adherence to those requirements. We further recommend that the Village refer to Auditor of State Bulletins 2005-003 and 1997-019 for clarification and guidance regarding court computerization fees.

This matter will be referred to the Treasurer of the State of Ohio.

**Officials' Response:**

This matter was resolved and the Mayor's Court Clerk provided proof of payment to the State Audit Team.

**FINDING NUMBER 2021-005**

**Internal Control Deficiency**

*Budgetary Postings*

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparisons and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate of estimated resources and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary that the amounts estimated by the County Budget Commissions are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system as follows:

<b>Fund &amp; Year</b>	<b>Appropriations Per Appropriation Resolution</b>	<b>Appropriations per UAN Accounting System</b>	<b>Variance</b>
General Fund – 2021	\$846,637	\$926,050	(\$79,413)
Street Construction Maintenance & Repair Fund - 2021	70,664	36,642	34,022
Fire Revenue Fund - 2021	67,653	46,841	20,812
ABPA Loans Fund - 2021	46,000	29,045	16,955
Hamilton County SCIP Road Fund – 2021	28,103	30,000	(1,897)
Water Operating Fund – 2021	174,440	248,327	(73,887)
We Thrive Fund - 2021	8,834	8,789	45

**FINDING NUMBER 2021-005**  
**(Continued)**

<b>Fund &amp; Year</b>	<b>Appropriations Per Appropriation Resolution</b>	<b>Appropriations per UAN Accounting System</b>	<b>Variance</b>
General Fund – 2020	\$827,970	\$780,465	\$47,505
Street Construction Maintenance & Repair Fund - 2020	27,048	19,955	7,093
Coronavirus Relief Fund - 2020	65,000	69,174	(4,174)
Fire Revenue Fund - 2020	61,000	54,002	6,998
Other Debt Service Fund- 2020	51,749	75,330	(23,581)
Water Operating Fund– 2020	134,414	170,036	(35,622)
Sewer Operating Fund - 2020	170,677	190,656	(19,979)
We Thrive Fund - 2020	6,000	8,500	(2,500)

Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system as follows:

<b>Fund &amp; Year</b>	<b>Estimated Revenue per Certificate of Estimated Resources</b>	<b>Estimated Revenue Posted to UAN Accounting System</b>	<b>Variance</b>
General Fund – 2021	\$726,396	\$757,015	(\$30,619)
Street Construction Maintenance & Repair Fund - 2021	44,324	41,349	2,975
Fire Fund - 2021	45,710	89,851	(44,141)
ABPA Loans - 2021	48,603	60,000	(11,397)
HC SCIP Road - 2021	0	20,000	(20,000)
Water Operating Fund - 2021	185,840	257,471	(71,631)
Sewer Operating Fund- 2021	218,258	209,316	8,942

**FINDING NUMBER 2021-005**  
 (Continued)

<b>Fund &amp; Year</b>	<b>Estimated Revenue per Certificate of Estimated Resources</b>	<b>Estimated Revenue Posted to UAN Accounting System</b>	<b>Variance</b>
General Fund – 2020	\$852,519	\$1,095,005	(\$242,486)
Street Construction Maintenance & Repair Fund - 2020	33,566	36,691	(3,125)
Fire Revenue Fund - 2020	49,564	61,656	(12,092)
Hamilton County SCIP Road Fund- 2020	26,200	28,203	(2,003)
Water Operating Fund - 2020	157,323	204,383	(47,060)
Sewer Operating Fund- 2020	184,494	213,836	(29,342)
We Thrive Fund - 2020	100	17,334	(17,234)

Failure to accurately post appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should accurately post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by Council. The Village should then monitor budget versus actual reports to help ensure that amended certificates of estimated resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

The Finance Committee Chairman will recommend to the Committee and Council that a quarterly review of actual receipts compared to the estimated certificate of resources so it is reported to Council and included in the Council minutes.

**FINDING NUMBER 2021-006**

**Noncompliance**

*Annual Appropriations Measure*

**Ohio Rev. Code § 5705.38(A)** states that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure.

**Ohio Rev. Code § 5705.38(C)** states appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

The Village's annual appropriations for 2020 were adopted at the fund level rather than at the required legal level of budgetary control.

Failure to adopt the budget at the legal level of control reduces accountability over expenditures and the Village's ability to properly monitor spending and compliance.

The Village should adopt its annual appropriations at the required legal level of control.

**FINDING NUMBER 2021-006  
 (Continued)**

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that a very conservative budget is adopted.

**FINDING NUMBER 2021-007**

**Noncompliance**

*Expenditures in Excess of Appropriations*

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures for approval and review of budget versus actual information, the following excesses of expenditures over appropriations were noted:

<b>Fund &amp; Year</b>	<b>Expenditures</b>	<b>Appropriations Per Appropriation Resolution</b>	<b>Variance</b>
Water Operating Fund - 2021	\$227,891	\$182,314	(\$45,577)
Water Operating Fund- 2020	158,400	136,976	(21,424)
We Thrive Fund– 2020	8,500	6,000	(2,500)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Village Clerk should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that a conservative appropriations budget is adopted.

**FINDING NUMBER 2021-008**

**Noncompliance**

*Appropriations In Excess of Estimated Resources*

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.



**FINDING NUMBER 2021-008**  
**(Continued)**

At December 31, 2020 the Village's appropriations exceeded the amount certified as available by the county budget commission in the Fire Revenue Fund and the Hamilton County SCIP Road Fund by \$1,567 and \$23,646, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If resources are not available to cover the appropriations, an amendment to the appropriations resolution should be passed by the Village Council to reduce appropriations.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that a more conservative appropriations budget is adopted.

**FINDING NUMBER 2021-009**

**Noncompliance**

*Failure to Properly Encumber*

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such 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 treasurer'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 Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

- "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time 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 Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing unites 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.

**FINDING NUMBER 2021-009**  
**(Continued)**

- Blanket Certificate – The fiscal officer 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 Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, the Village Clerk did not certify five of ten (50%) expenditures tested during 2021 and one of ten (10%) expenditures tested during 2020 at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 help ensure 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, the Village Clerk should certify the 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.

**Officials’ Response:**

The Finance Committee Chairman will recommend to the committee and Council be provided a list of outstanding purchase orders for the year end certificate of estimated resources.

**FINDING NUMBER 2021-010**

**Internal Control Deficiency**

*Errors in Monthly Treasurer Reports and Monitoring of Financial Activity*

When designing the public office’s system of internal control and the specific control activities, Village management should ensure that the Village Council receives monthly financial reports that accurately report the financial activity that occurred during each month.

The Treasurer presents monthly reports to the Village Council which identify beginning cash balances, monthly receipt activity, monthly expenditure activity, and ending cash balances for all funds of the Village. The following errors were noted in amounts reported in the Treasurer’s monthly reports compared to the amounts reported in the UAN accounting system.

- For March 2021, the beginning cash fund balance was misstated for 15 of the 21 (71%) funds. The variances ranged from the General Fund beginning cash balance being understated by \$101,899 to the Sewer Operating Fund beginning cash balance being overstated by \$31,429.

**FINDING NUMBER 2021-010**  
**(Continued)**

- For March 2021, the monthly revenue activity was misstated for six of the 21 (29%) funds. The variances ranged from the Street Construction Maintenance and Repair Fund monthly revenue activity being understated by \$3,133 to the General Fund monthly revenue activity being overstated by \$3,381.
- For March 2021, the monthly expenditure activity was misstated for three of the 21 (14%) funds. The variances ranged from the Sewer Operating Fund monthly expenditure activity being understated by \$26,087 to the General Fund monthly expenditure activity being understated by \$50.
- For March 2021, the ending cash fund balance was misstated for 15 of the 21 (71%) funds. The variances ranged from the General Fund ending cash balance being understated by \$98,065 to the Sewer Operating Fund ending cash balance being overstated by \$57,549.
- For March 2021, the total beginning cash balance for all funds was understated by \$104,746, the total monthly revenue activity for all funds was understated by \$20, the total monthly expenditure activity for all funds was understated by \$26,590, and the total ending cash balance was understated by \$78,176.
- For May 2020, the beginning cash fund balance was misstated for ten of the 19 (53%) funds. The variances ranged from the General Fund beginning cash balance being understated by \$14,041 to the ABPA Loans Fund beginning cash balance being overstated by \$4,760.
- For May 2020, the monthly revenue activity was inaccurate for eight of the 19 (42%) funds. The variances ranged from the General Fund monthly revenue activity being understated by \$2,011 to the Street Construction Maintenance and Repair Fund monthly revenue activity being overstated by \$2,000.
- For May 2020, the monthly expenditure activity was misstated for three of the 19 (16%) funds. The variances ranged from the Sewer Operating Fund monthly expenditure activity being overstated by \$139 to the General Fund monthly expenditure activity being overstated by \$18,102.
- For May 2020, the ending cash fund balance was misstated for ten of the 19 (53%) funds. The variances ranged from the General Fund ending balance being understated by \$34,154 to the ABPA Loans Fund ending balance being overstated by \$6,525.
- For May 2020, the total beginning cash balance for all funds was understated by \$9,289, the total monthly revenue activity was understated by \$161, the total monthly expenditure activity was overstated by \$19,893, and the total ending cash balance was understated by \$29,343 in the Treasurer's report.

We also noted that the Treasurer's Reports did not contain information on budgeted and actual receipts and expenditures.

Failure to provide the Village Council with accurate monthly financial reports compromises the ability of Council to effectively monitor the actual and budgeted financial activity for the Village.

To help ensure proper monitoring of the Village's financial activity, the Village Treasurer should exercise due care in preparing the monthly Treasurer reports. In addition, information on budgeted and actual receipts and expenditures should be included in the monthly financial reports.

**Officials' Response:**

The 2020-2021 monthly treasurer reports were not always received by Council on a timely basis.

## FINDING NUMBER 2021-011

### Internal Control Deficiency

#### *Controls Over Payroll Cycle*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities, and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices, and to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions.

The Village did not implement adequate internal controls over the payroll cycle, as evidenced by the following conditions:

- In 2021 the Village utilized the Paycor System to process its payroll. There were four instances in 2021 where the Village posted the payroll to the Uniform Accounting Network (UAN) payroll system instead of to the Paycor System.
- In 2021 there were two instances totaling \$500 in which the Paycor System payroll report reported a creditor amount that reduced the net pay amount. However, in both instances the net pay amount transferred from the Village's bank account to the Paycor System was not reduced by the creditor amount, resulting in the net pay amounts transferred from the Village's bank account to the Paycor System being \$500 more than the amounts required on the Paycor System reports. These variances were not supported and could not be explained by the Village Clerk.
- In 2021 the employer and employee social security withholding percentage was 6.2%. There were 22 pay periods in 2021 totaling \$2,518 where the employer social security withholding and remittance amount was more than the employee social security withholding and remittance amount. Also in 2021, the Village received a refund from the Social Security Administration which was due to prior overpayments of social security remittance amounts. Therefore, for 2021 the Village remitted \$1,644 more to the Social Security Administration than the amount that was required. These variances were not supported and could not be explained by the Village Clerk.
- In 2021 there was one instance in which the Village did not withhold \$152 of Ohio Public Employee Retirement System (OPERS) contributions from an employee's gross pay. In addition, there was one instance in which the Village did not remit \$213 of employer OPERS contributions.
- In 2020 the Village utilized the Paycor System to process its payroll. There were four instances in 2020 where the Village posted the payroll to the Uniform Accounting Network (UAN) payroll system instead of to the Paycor System.
- In 2020, there were ten instances totaling \$1,162 in which the Paycor system payroll report reported a creditor amount that reduced the net pay amount. However, in all ten instances the net pay amount transferred from the Village's bank account to the Paycor System was not reduced by the creditor amount, resulting in the net pay amounts transferred from the Village's bank account to the Paycor System being \$1,162 more than the amounts required on the Paycor System reports. These variances were not supported and could not be explained by the Village Clerk.

**FINDING NUMBER 2021-011  
(Continued)**

- In 2020 the employer and employee social security withholding percentage was 6.2%. There were 15 pay periods in 2020 totaling \$1,352 in which the employer social security withholding and remittance amount was more than the employee social security withholding and remittance amount. In 2020, the Village received a refund from the Social Security Administration which was due to prior overpayments of social security remittance amounts. Therefore, for 2020 the Village remitted \$485 more to the Social Security Administration than the amount that was required. These variances were not supported and could not be explained by the Village Clerk.
- In 2020 there was one instance in which the Village did not withhold \$213 of employer OPERS contributions from an employee's gross pay.
- In 2020, there were 13 instances totaling \$351 where the Village did not withhold any OPERS contribution amounts from employee's gross pay. In addition, there were 13 instances totaling \$491 where the Village did not remit any employer OPERS amounts.
- In 2020, there were two instances in which the net payroll amount did not agree to the amount withdrawn from the Village's bank statement for payment to the Paycor System. For the pay period ending November 1, 2020, the net pay amount was \$8,894 and \$9,801 was withdrawn from the Village's bank account, resulting in a \$907 overpayment to the Paycor System. For the pay period ending November 29, 2020, the net pay amount was \$10,278 and \$9,943 was withdrawn from the Village's bank account, resulting in a \$334 underpayment to the Paycor system. These differences were not supported and could not be explained.

Failure to establish proper controls over the payroll cycle, including controls over required withholdings and remittances of deductions, results in a lack of accountability for payroll activity and increases the risk that theft, fraud, or errors may occur and not be detected in a timely manner.

The Village should review established payroll controls to ensure accuracy, compliance, and security in the processing of payroll.

**Officials' Response:**

Paycor does not provide a Retirement contribution field, public retirement is listed as a deduction. Therefore, it was possible that the Clerk missed selecting the deduction for PERS.

**FINDING NUMBER 2021-012**

**Internal Control Deficiency**

*Payroll Cycle - Service Organizations*

Attestation standard (AT-C 320) *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance on the payroll system.

The Village delegated payroll processing and reporting, which is a significant accounting function, to a third-party administrator, Paycor Incorporated (Paycor). Paycor received an unmodified Type 2 System and Organization Control (SOC) 1 opinion for the period January 1, 2020 through November 30, 2021. However, the processes of Paycor were designed with the assumption that certain controls would be implemented by the Village.

**FINDING NUMBER 2021-012**  
**(Continued)**

The Type 2 SOC 1 report identifies user entity controls that should exist at the Village in order for the Village to rely on the Paycor controls; however, the Village failed to implement procedures to ensure controls were in place for payroll processing and reporting.

The Village should establish controls to ensure the following:

- Access to personal computers, terminals, and client networks is properly controlled and restricted to authorized personnel.
- Transactions are properly authorized, complete, and accurate through monitoring performed by Council or an administrator.
- Output reports are timely reviewed for completeness and accuracy, and discrepancies noted are investigated and timely communicated to Paycor.
- Output from applications is regularly balanced to relevant control totals.
- Payroll output is retained for a designated length of time to satisfy all Federal, state, and local payroll, workers' compensation, and tax compliance agencies.
- Federal, state, and local employment tax forms, tax documents, tax notices, or other tax correspondence with respect to any tax return or deposit made by Paycor is maintained.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

In establishing and implementing controls, the Village should refer to the complementary user entity controls listed in the Paycor Type 2 SOC 1 Report.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council to hold a meeting with Paycor to learn more about this payroll service.

**FINDING NUMBER 2021-013**

**Internal Control Deficiency**

*Leave Balances*

The Village should maintain accurate records of the leave balances of each employee.

The Village utilized the Uniform Accounting Network (UAN) system to track employee leave balances during the year ended December 31, 2019. Beginning January 1, 2020, the Village began to track employee leave utilizing Paycor System software. Variances were noted between employee leave balances at December 31, 2019 per the UAN system and the January 1, 2020 Paycor System reports:

**FINDING NUMBER 2021-013**  
 (Continued)

	<b>Leave Type</b>	<b>UAN Leave Balances (hours) at 12/31/19</b>	<b>Village Leave Balances (hours) per Paycor System at 1/1/20</b>	<b>Variance</b>
Employee 1	Sick Leave	729.85	808.73	(78.88)
Employee 2	Sick Leave	757.68	707.10	50.58
Employee 3	Sick Leave	390.19	66.70	323.49
Employee 1	Vacation Leave	114.70	0	114.70
Employee 2	Vacation Leave	326.90	27.90	299.00
Employee 3	Vacation Leave	239.20	0	239.20

In addition, on December 31, 2020, one employee had a vacation leave balance of negative nine vacation hours.

Inaccurate leave balances could result in employees not receiving leave to which they are entitled, employees receiving more leave than they are entitled to, and underpayments or overpayments of leave balances upon separation from employment from the Village.

The Village should implement control procedures to ensure that accurate records of leave accumulation, usage, and balances are maintained.

**Officials' Response:**

The Village was not using UAN for leave balances. The Village Clerk has requested the individual employee names to research this matter to recommend corrections.

**FINDING NUMBER 2021-014**

**Noncompliance**

*Federal Tax Withholdings & Remittances*

**26 U. S. C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

**26 U. S. C. § 3404** states if the employer is the United States, or a State, or a political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such State, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having controls of the payment of such wages, or appropriately designated for that purpose.

**Internal Revenue Service (IRS) Notice 931** states that the due date for Form 941 (Employer's Quarterly Federal Tax Return) is the last day of the month following the period for which the return was made. **IRS Notice 931** also states that entities under the monthly deposit schedule shall deposit accumulated taxes on payments made during a calendar year by the 15th day of the following month.

The Village Clerk is responsible for making timely and accurate payments of federal tax withholdings to the Internal Revenue Service (IRS)

**FINDING NUMBER 2021-014**  
**(Continued)**

The following conditions were noted:

- The Village under-reported the January 2021 federal tax withholdings by \$20 and did not remit \$34 to the IRS.
- The Village under-reported the December 2020 federal tax withholdings by \$164 and did not remit \$164 to the IRS.
- The Village over-reported the November 2020 federal tax withholdings by \$481 and did not remit \$17 to the IRS.
- The Village over-reported the October 2020 federal tax withholdings by \$498 to the IRS.

Failure to accurately report and remit Federal tax withholdings at the proper amounts may result in fines and penalties. To avoid unnecessary penalties and interest, the Village should establish procedures to ensure that all liabilities to the Internal Revenue Service are reviewed for accuracy and submitted when required. Payment of fines and penalties is not considered a proper public purpose and may result in a finding for recovery being issued.

This matter has been referred to the Internal Revenue Service.

**Officials' Response:**

PayCor files all payroll reports.

**FINDING NUMBER 2021-015**

**Noncompliance**

*State Income Tax Withholdings & Remittances*

**Ohio Rev. Code § 5747.06** states in part that every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this charter and Chapter 5748 of the Revised Code.

**Ohio Rev. Code § 5747.13(A)** provides in part that if any employer collects the tax imposed by section 5747.02 or under Chapter 5748 of the Revised Code and fails to remit the tax as required by law, or fails to collect the tax, the employer is personally liable for any amount collected that the employer fails to remit, or any amount that the employer fails to collect.

The Ohio IT 501 form (Employer's Payment of State Tax Withheld) states that monthly payments must be remitted by the last day of the following month.

The Village did not comply with Ohio law as follows:

- The Village under-reported by \$12 the Ohio state tax withholdings for January 2021 and failed to remit \$12 to the Ohio Department of Taxation.



**FINDING NUMBER 2021-015**  
**(Continued)**

- The Village under-reported by \$3 the Ohio state tax withholdings for October 2020 and failed to remit \$3 to the Ohio Department of Taxation.
- The Village under-reported by \$20 the Ohio state tax withholdings for November 2020 and failed to remit \$20 to the Ohio Department of Taxation.

Failure to accurately report and remit Ohio tax withholdings at the proper amounts may result in fines and penalties. To avoid unnecessary penalties and interest, the Village should establish procedures to ensure that all liabilities to the Ohio Department of Taxation are reviewed for accuracy and submitted when required.

This matter has been referred to the Ohio Department of Taxation.

**Officials' Response:**

PayCor files all monthly reports.

**FINDING NUMBER 2021-016**

**Noncompliance**

*Local Tax Withholdings and Remittances*

**Village Ordinance 2015-06(B)(1)** states that the annual tax for the Village is 1.5%. The tax is to be levied at a uniform rate on all persons residing in or earning or receiving income in the Village of Addyston. The tax is levied on income, qualifying wages, etc. The Regional Income Tax Agency (RITA) collects the tax on behalf of the Village. Therefore, local income tax withholdings for Village employees should be remitted by the Village to RITA.

The Village did not comply with Ordinance 2015-06 as follows:

- The Village under-reported and failed to remit \$7 of the January 2021 local income tax withholdings to RITA.
- The Village under-reported and failed to remit \$8 of the November 2020 local income tax withholdings to RITA.
- The Village under-reported and failed to remit \$26 of the December 2020 local income tax withholdings to RITA.

Failure to properly remit income taxes withheld to RITA may result in an incomplete accounting of employees who have properly paid local income taxes. The Village should establish procedures to ensure that all local income taxes are properly and timely remitted.

**Officials' Response:**

PayCor files all monthly reports.

**FINDING NUMBER 2021-017**

**Noncompliance**

*Ohio Public Employee Retirement System (OPERS) Withholdings, Remittances, & Reporting*

**Ohio Rev. Code § 145.47(A)** states that each public employee who is a contributor to the public employees retirement system shall contribute eight percent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten percent of the employee's earnable salary. The member contribution rate for the years ended December 31, 2021 and December 31, 2020 was ten percent.

**Ohio Rev. Code § 145.48(A)** states that each employer shall pay to the public employees retirement system an amount that shall be a certain percent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen percent of the earnable salaries of all contributors. The employer contribution rate for the years ended December 32, 2021 and December 31, 2020 was 14%.

The OPERS Employer Manual states that employee contributions withheld and employer contributions withheld must be sent to OPERS with the proper reports.

The following errors were noted relating to the withholding of OPERS employee contribution amounts:

<b>Pay Period Ended Date(s)</b>	<b>Employee</b>	<b>Total Dollar Amount of Employee Contribution Not Withheld</b>
February 6, 2021	Employee 1	\$152
September 5, 2020 & August 22, 2020	Employee 2	98
June 27, 2020	Employee 3	3
May 2, 2020	Employee 4	23
May 2, 2020	Employee 5	13
May 2, 2020	Employee 6	6
March 21, 2020 & March 9, 2020	Employee 7	106
March 21, 2020 & March 9, 2020	Employee 8	45
February 8, 2020 & January 29, 2020 & January 11, 2020	Employee 9	51

The following errors were noted relating to the withholding of OPERS employer contribution amounts:

<b>Pay Period Ended Date(s)</b>	<b>Employee</b>	<b>Total Dollar Amount of Employer Contribution Not Withheld</b>
February 12, 2021	Employee 1	\$213
September 5, 2020 & August 22, 2020	Employee 2	138
June 27, 2020	Employee 3	5
May 2, 2020	Employee 4	33
May 2, 2020	Employee 5	19
May 2, 2020	Employee 6	10
March 21, 2020 & March 9, 2020	Employee 7	149
March 21, 2020 & March 9, 2020	Employee 8	64
February 8, 2020 & January 29, 2020 & January 11, 2020	Employee 9	72

**FINDING NUMBER 2021-017**  
**(Continued)**

The following conditions were noted relating to the reporting and remittance of OPERS contributions:

- For March of 2021, the Village reported to OPERS \$165 less than the amount actually withheld and remitted \$165 less than the amount actually withheld.
- For February 2021, the Village reported to OPERS \$289 less than the amount actually withheld and remitted \$289 less than the amount actually withheld.
- For January 2021, the Village reported to OPERS \$8 more than the amount actually withheld and remitted \$50 less than the amount actually withheld.
- For December 2020, the Village reported to OPERS \$441 less than the amount actually withheld and remitted \$49 more than the amount actually withheld.
- For November 2020, the Village reported to OPERS \$119 more than the amount actually withheld and remitted \$5 more than the amount actually withheld.
- For October 2020, the Village reported to OPERS \$93 more than the amount actually withheld and remitted \$907 less than the amount actually withheld.
- The November 2020 report to OPERS was not submitted timely. The November 2020 report was due on December 31, 2020 and was not submitted until January 9, 2021.

Failure to accurately withhold, remit, and report OPERS contributions may result in fines and penalties. To avoid unnecessary fines and penalties, the Village should establish procedures to ensure that all liabilities to OPERS are reviewed for accuracy and remitted and reported when required.

This matter has been referred to the Ohio Public Employees Retirement System.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that the Village Clerk obtain the employee names and file the amended reports to OPERS.

**FINDING NUMBER 2021-018**

**Noncompliance**

*Debt Covenants*

On January 21, 2016 the Village entered into a Loan Agreement with PNC Bank, National Association. Section 4.1 of the Loan Agreement states that the Village must maintain its books and records in accordance with generally accepted accounting principles (GAAP). Contrary to this requirement, the Village maintains its accounting records in accordance with the Auditor of State cash regulatory basis.

Failure to comply with debt covenants may result in actions by the lender, including the imposition of fines and an inability to obtain future financing.

The Village should implement procedures for the review of debt covenants and take action to ensure that no breaches of covenants occur.

**FINDING NUMBER 2021-018  
(Continued)**

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that loan payments be listed as principal and interest in the budget.

**FINDING NUMBER 2021-019**

**Noncompliance**

*Law Enforcement Trust Fund*

**Ohio Rev. Code § 2925.03(F)(2)** requires a written internal control policy for the receipt and use of drug fine monies receipted into the Law Enforcement Trust Fund. The policy should address the law enforcement agency's use and disposition of all drug fine moneys received, and require using detailed financial records of the receipts of the fine moneys, the general types of expenditures made with the fine moneys, and the specific amount of each general type of expenditure. The policy shall not provide for or permit the identification of any specific expenditure made for an ongoing investigation.

**Ohio Rev. Code § 2925.03(F)(1)** requires the clerk of a court to pay any mandatory fine imposed pursuant to division (D)(1) of this section and any fine other than a mandatory fine imposed for a violation of this section pursuant to division (A) or (B)(5) of section 2929.18 of the Revised Code to the law enforcement agency that was primarily responsible for or involved in making the arrest of, and in prosecuting the offender. However, the Clerk shall not pay a mandatory fine so imposed to a law enforcement agency unless the agency has adopted a written internal control policy under division (F)(2) of this section that addresses the use of the fine moneys that it receives.

The Village did not establish a Law Enforcement Trust Fund or a written internal control policy related to the Law Enforcement Trust Fund. Failure to establish such a policy could lead to ambiguity and misuse of Law Enforcement Trust Fund monies. Furthermore, the absence of a written policy prohibits the Clerk of Courts from paying mandatory fines to the Law Enforcement Trust Fund.

The Village should establish a Law Enforcement Trust Fund in the Uniform Accounting Network (UAN) system and Council should approve the establishment of the fund. Also the Village should develop a written internal control policy for administration of Law Enforcement Trust Fund monies and the policy should be approved by Council in the minutes. The Village should also establish a separate bank account to track all Law Enforcement Trust fund activity.

**Officials' Response:**

The Finance Committee Chairman will recommend to the Committee and Council that a new Ordinance/Resolution be adopted to address these concerns.

**FINDING NUMBER 2021-020**

**Noncompliance**

*Acknowledgement of Receipt of Public Records Policy by Records Custodian/Manager*

**Ohio Rev. Code § 149.43(E)(2)** provides that every public office must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy.

**FINDING NUMBER 2021-020  
(Continued)**

The Village did not obtain a written acknowledgement of receipt of the Village's Public Records Policy from the records custodian/manager. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village should distribute the policy to the records custodian/manager and maintain written acknowledgment of receipt from the records custodian/manager.

**Officials' Response:**

In February 2020 the Village Clerk/Public Records started a journal that the name of the person making the request is listed in the journal with the date and time with the general nature of the public records requests. And how the request was landed.

**FINDING NUMBER 2021-021**

**Noncompliance**

*Public Records Training*

**Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend three hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

The Village Mayor and Council members did not attend a required Certified Public Records Training during their terms of office or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in an improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that all Village officials attend a online virtual training at his/her leisure.

**FINDING NUMBER 2021-022**

**Internal Control Deficiency**

*Families First Coronavirus Response Act (FFCRA) Leave*

The Families First Coronavirus Reponse Act (FFCRA) stated that an employer shall provide to each employee paid sick time to the extent the employee is unable to work (or telework) from March 1, 2020 through December 31, 2020. The employer could extend the leave through March 31, 2021 if the employer's policy indicated it chose to optionally extend the leave based on the provisions of the Consolidated Appropriations Act (CAA). Further extension through September 30, 2021 was provided for if the employee met certain requirements.

**FINDING NUMBER 2021-022**  
**(Continued)**

The Village did not adopt a policy which addressed the granting and usage of FFCRA leave. Failure to adopt a policy could result in errors in the granting of this leave.

The Village should adopt written leave policies for all types of employee leave.

**Officials' Response:**

Council has adopted Resolutions as the individual employee requested leave. The Council will amend the Village policy and procedures manual to include this type of leave.

**FINDING NUMBER 2021-023**

**Internal Control Deficiency/Noncompliance**

*Destruction of Records*

Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

**Ohio Rev. Code § 149.351** provides that no public records shall be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code § 149.38 to 149.42.

The Village did not maintain underlying documentation and support for the following:

- Support for two disbursements made in 2021 which were coded as Coronavirus Aid, Relief, and Economic Security (CARES) Act disbursements.
- Receipt #307-2020 in the amount of \$37,617 which was a capital project reimbursement for ODNR which came as an ACH from the Treasurer of State.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose. The Village should maintain all invoices, purchase orders, and receipt documentation for all financial transactions and records be maintained in an orderly manner to support all transactions.

**Officials' Response:**

This was used to repay the General fund for invoices/expenses on the projects at the Park because the Village did not have ODNR in the bank.

**FINDING NUMBER 2021-024**

**Noncompliance/Internal Control Deficiency**

*Allocation of Interest*

**Ohio Rev. Code § 5705.10(D)** requires that all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid to the General Fund. Further, 1982 Op. Atty. Gen. No. 82-031 determined that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

**FINDING NUMBER 2021-024  
(Continued)**

The Village improperly posted all interest to the General Fund in 2021 and 2020. The Street Construction, Maintenance, and Repair Fund and the State Highway Fund should have received interest on the principal from the motor vehicle license and fuel tax. The Village's interest revenue totaled \$551 and \$58 for 2021 and 2020, respectively. For 2021 and 2020, the amounts to be allocated to funds other than the General Fund were immaterial.

Failure to post interest to the correct funds can result in amounts not being allocated per the requirements of the Ohio Rev. Code and in misstated cash fund balances.

We recommend the Village implement procedures to ensure that all interest received is posted to the correct funds.

**Officials' Response:**

The Finance Committee Chairperson will recommend to the committee and Council that interest from the monthly bank statements will be recorded in each Fund entitled to receive interest.

**FINDING NUMBER 2021-025**

**Internal Control Deficiency**

*Information System Controls*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of fund balances and periodically reconciling them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The following internal control deficiencies were noted relating to the information systems software utilized by the Village:

- The Village did not compare system reports from the Mayor's Court Baldwin computer system to underlying source documentation.
- The Village did not maintain offsite backups for the Mayor's Court Baldwin computer system data.
- The Village did not establish formal security policies for the Mayor's Court Baldwin computer system or for the Utilities Department UBMAX computer system, including procedures for the monitoring of unauthorized access to these computer systems.

Failure to periodically compare systems reports to source documentation increases the likelihood of misstatements in the financial records and the risk of unauthorized adjustments to system data. Failure to develop and implement formal security policies could lead to unauthorized access of financial data which also increases the risk of fraud, waste, and abuse. Failure to maintain copies of information offsite could result in loss of crucial financial data in the event of a disaster such as a network failure or cyberattack.

The Village should compare systems reports from the Mayor's Court Baldwin system to the underlying source documentation to help ensure accuracy of input. The Village should also design and implement formal security policies related to all information systems software utilized by the Village.

**Officials Response:**

The Village Council has entered into an agreement with Google Workspace for the "Cloud backup" this for all computers.

## FINDING NUMBER 2021-026

### Internal Control Deficiency

#### *Disaster Recovery Plan*

Sound business practices require that entities prepare plans for use in emergency situations which significantly disrupt the operations of information systems. Such plans identify arrangements for alternative data processing on compatible hardware and software and remove as much time-consuming decision making as possible during the period immediately following the disaster.

During 2021 and 2020, the Village used Baldwin software for the Mayor's Court, UBMAX software for the Utilities Department, and the Uniform Accounting Network (UAN) for its accounting software. The Village adopted a disaster recovery plan for its computer systems, but the plan did not adequately address the procedures for recovery of critical computer resources following an event that disrupts data processing services for an extended period of time.

Without a thorough and well-documented disaster recovery plan, critical resources and data processing may not be restored in a timely and efficient manner following an emergency situation. In addition, the Village could incur substantial costs in attempting to retrieve or recreate financial information for internal and external purposes.

The Village should review its disaster recovery plan to ensure that, at a minimum, it addresses the following:

- Document applications profile, inventory of equipment, and system configuration.
- Prioritize application processing based on a study of all critical applications to assess the maximum period the Village can afford an absence of its data processing function.
- Document procedures for restoring application data and system backups.
- Describe procedures for daily operations, including operator duties.
- Secure reciprocal agreement with a neighboring entity using a comparable computer system, to share computer facilities in the event of a disaster.

Several copies of the plan should be kept off-site in the event the on-site copies are destroyed during a disaster. In addition, the plan should be updated and periodically tested to ensure that it is current and will function as intended by management.

#### **Officials Response:**

This is the same type of backup with the Cloud. The Village Clerk also does a thumb drive backup.

## FINDING NUMBER 2021-027

### Internal Control Deficiency

#### *Internal Audit Process*

The Village Clerk has established written internal audit procedures which state "It shall be the duty of the Finance Committee, no later than the end of the month following the expiration of each quarterly period, to properly audit the books and records of the Village Clerk and Treasurer. The Committee Chair shall submit and read the written report during a regular Council meeting. A motion to accept the audit is required. A copy of the accepted audit shall be included in the Village minutes."



**FINDING NUMBER 2021-027  
(Continued)**

The Village's Finance Committee failed to conduct the quarterly audits during 2021 and 2020.

Failure of the Finance Committee to conduct quarterly audits results in a lack of oversight over internal control and increases the likelihood of misstatements in the books and records of the Village. The Village Council should formerly approve in the minutes the written internal audit procedures established by the Village Clerk and the Village Finance Committee should conduct quarterly internal audits and provide written reports evaluating the results of the internal audits to the Village Council for approval in the minutes.

**Officials' Response:**

The Finance Committee Chairman will recommend that the committee follow a quarterly audit schedule. The audit report will be presented to full Council and included in the meeting minutes.

**FINDING NUMBER 2021-028**

**Internal Control Deficiency**

*Audit Committee*

The Village has not formally established an Audit Committee.

The Village should establish an Audit Committee to serve as a liaison between management and its auditors. The primary functions of such a Committee are to monitor and review the Village's accounting and financial reporting practices, and to follow-up on citations and recommendations made by its auditors. The Audit Committee should be actively involved in the following:

- Evaluating the Village's system of internal control and providing any recommendations for improvement.
- Meeting with the auditors before and after each audit.
- Monitoring the progress of the financial and compliance audit.
- Ensuring that the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

Failure to establish an Audit Committee poses a risk to the effectiveness of the system of internal controls.

The Village should establish an Audit Committee.

**Officials' Response:**

The Village Finance Committee serves as the Audit Committee. This will be done by a Village Council Resolution.

### FINDING NUMBER 2021-029

#### Noncompliance

##### *Village Treasurer Training*

**Ohio Rev. Code § 733.81(C)** states that a newly elected or appointed treasurer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed during the treasurer's first term. Twelve hours of training shall be completed for each subsequent term.

The Village Treasurer did not complete the required continuing education for 2021 and 2020.

Failure to obtain the required continuing education may result in a lack of understanding of reporting and compliance issues relevant to the Village.

The Village Treasurer should obtain the required continuing education.

#### **Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council that in the future the treasurer will attend the training and provide proof of the training certification to Council.

### FINDING NUMBER 2021-030

#### Noncompliance

##### *Village Clerk Training*

**Ohio Rev. Code § 733.27** states that a village clerk shall attend training programs for new village clerks and annual training programs of continuing education for village clerks that are provided by the Auditor of State pursuant to §177.44 of the Revised Code.

The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State, that states the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only (Ohio Rev. Code § 135.22):

- (1) interim deposits pursuant to Ohio Rev. Code § 135.14(B)(3) or 135.145 (CDAR and similar programs);
- (2) STAR Ohio pursuant to Ohio Rev. Code § 135.14(B)(6);
- (3) no load money market mutual funds pursuant to Ohio Rev. Code § 135.14(B)(5).

The Village Clerk did not complete an exemption form nor complete the required training for 2021 and 2020. The Village Clerk should obtain the required training.

#### **Officials' Response:**

Same as the Treasurer for attending training.

### FINDING NUMBER 2021-031

#### Noncompliance

##### *Ohio Bureau of Workers' Compensation Rebates*

**Ohio Rev. Code § 5705.10(D)** requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

**Auditor of State Bulletins 2020-007 & 2013-007** guides Villages to return the prorated portion of Bureau of Workers' Compensation (BWC) rebates attributable to local, state or federally-restricted funds to those funds. The amount returned to the restricted funds is capped by the premium paid for the policy year associated with the rebate (i.e., 2019). Any amounts received in excess of the original premium payment are considered to be unrestricted and should be posted to the General Fund.

During 2020, the Village received employer premium refunds and dividends from the Ohio Bureau of Workers' Compensation (BWC) totaling \$75,801. The Village posted \$61,438 to the General Fund and \$14,363 to the Coronavirus Relief Fund.

Due to inadequate record keeping by the Village, the proper allocation of these refunds and dividends could not be determined.

Policies and procedures should be developed and implemented to verify that all Ohio BWC rebates are properly posted. The Village should review Auditor of State Bulletin 2020-007 to ensure that Ohio BWC rebates are properly posted.

#### Officials' Response:

The Finance Committee Chairman will recommend to the committee and Council that if this type of funding is available in the future it is recorded in the proper payroll accounts.

### FINDING NUMBER 2021-032

#### Noncompliance

##### *Credit Card Late Fees and Finance Charges*

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074. Ohio Rev. Code § 9.39; State ex. rel. *Village of Linndale V. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the person who unlawfully obtained such funds or property. See 1980 Op. Att'y. Gen No. 80-974.

**FINDING NUMBER 2021-032**  
**(Continued)**

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex. rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During 2020, the Village incurred and paid credit card late fees of \$78 and finance charges of \$22 due to a lack of internal controls over credit card payments. The Village Clerk was responsible for making timely payments of credit card balances.

To prevent unnecessary credit card late fees and finance charges, the Village should establish procedures to ensure that all credit card payments are made in a timely manner. Late fees and finance charges are not considered a proper public purpose and could possibly result in findings for recovery being issued.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council all credit card invoices be received by email to the Village and paid on time two days prior to the due date.

**FINDING NUMBER 2021-033**

**Internal Control Deficiency**

*Controls over Utility Receipts Cycle and Utility Charges*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities, and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not implement adequate internal controls over utility receipts and utility charges, as noted in the conditions below:

- For 2021 and 2020, the Village did not maintain duplicate receipts for utility receipts from cash, check, or money orders.
- For 2021, the Village could not provide support for the reason a portion of the utility receipts was posted in the UBMax utility accounting system to the ABPA Loans Fund instead of the Water Operating Fund and Sewer Operating Fund.
- For 2021, for 14 of 20 (70%) receipts tested the amounts posted to water and sewer activity in the UBMax utility accounting system could not be agreed to the amounts posted to the Water Operating Fund and Sewer Operating Fund in the Uniform Accounting Network (UAN) accounting system.
- For one receipt from 2021, the Village could not provide support from the UBMax utility accounting system to substantiate the breakdown of the receipt to water activity and sewer activity.
- For seven receipts tested in 2021, part of the amount in the UBMax utility accounting system was classified as a "Conversion Balance" or "Unapplied Balance" and therefore it could not be determined if these receipts were posted correctly to the UAN accounting system.

**FINDING NUMBER 2021-033**  
**(Continued)**

- For 2021, 16 of 58 (28%) utility billings tested were charged an incorrect rate. The total amount undercharged was \$244 and the total amount overcharged was \$252.
- In 2020, the Village did not use reports from the Quikwater utility accounting system to support the breakdown of 2020 receipts between water and sewer activity. As a result, the Village was unable to support the allocation of utility receipts between the Water Operating Fund and Sewer Operating Fund as required by Village Ordinance 2017-1.
- For 2020, for three of 20 (15%) receipts tested, the Village could not provide any type of deposit report from the Quikwater utility accounting system to support the utility deposits.
- For 2020, the Village could not provide support from the Quikwater utility accounting system for 9 of fifty two (17%) customer utility receipts tested. Therefore, it could not be determined if the amount these customers paid was accurately recorded in the utility accounting system.
- In 2020, one utility receipt posted to the general ledger contained negative adjustments totaling (\$13.50) and a positive adjustment of \$9.25 resulting in a net negative total adjustment of \$(4.25). There was no support for these adjustments.
- In 2020, none of the customer utility rates charged could be tested due to a lack of complete system reports from the Quikwater utility accounting system.
- In 2020, the Village did not reconcile utility receipts posted to the Quikwater utility accounting system to bank deposits or to the receipts posted to the UAN accounting system.

Failure to establish processes, procedures, and controls over the accounting for utility receipts results in the following:

- An inability to support utility receipts.
- An inability to support the allocation of utility receipts to the Water Operating Fund and Sewer Operating fund.
- An inability to support that all receipts were properly posted to the utility accounting system and the UAN accounting system.
- An inability to support that receipts were deposited in the bank in a timely manner.

A lack of adequate internal controls over the utility receipts cycle increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner.

The Village officials should perform a detailed review of the processes and procedures for accounting for utility receipts. Controls should be established to help ensure the following:

- Duplicate receipts are maintained for all utility payments received from customers.
- Daily detailed utility reports from the utility accounting system are prepared to support daily receipts, daily bank deposits, and postings to the UAN accounting system.
- Daily receipt postings and daily bank deposits are made in a timely manner.

**FINDING NUMBER 2021-033  
(Continued)**

- Allocations of utility receipts between the Water Operating Fund and Sewer Operating fund are made accurately.
- Periodic supervisory review of utility rates charged are performed.
- Reconciliations of daily receipts posted to the utility accounting system to bank deposits and postings to the UAN system are performed and approved in writing by a supervisor.

**Officials' Response:**

The Finance Committee Chairman will recommend to the committee and Council complete a customer rate study for 2020-2021 through the current calendar year.

**FINDING NUMBER 2021-034**

**Noncompliance**

*On-behalf Payments*

**Ohio Rev. Code § 5705.42** requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. Additionally, **Auditor of State Bulletin 2002-004** establishes the requirements for an entity receiving funding from the Ohio Public Works Commission (OPWC) Infrastructure Project. Entities are required to establish a capital projects fund to account for the funding. In the case where monies available from other funds (i.e. General Fund) will be used to meet the local matching requirements, the entity shall transfer these monies into the capital projects fund. The entity should record payments made on its behalf to vendors by OPWC as revenues and expenditures on its financial statements. Additionally, the entity shall appropriate money in the capital projects fund for local matching contributions and OPWC funding (including on-behalf-of payments) and obtain amended certificates of estimated resources to include the grant funding and local matching contributions anticipated to be recorded in the capital projects fund.

In 2020, the following conditions were noted:

- The Village recorded \$16,618 of Ohio Public Works Commission (OPWC) monies for the West Fork Muddy Creek Improvements in the General Fund instead of the HC SCIP Road Fund which was created for OPWC projects.
- The Village failed to record an OPWC on-behalf payment of \$4,620 for the West Fork Muddy Creek Improvements project.

The Village did not have procedures in place to accurately post and record all OPWC activity. Failure to properly record OPWC activity, including on-behalf of payments, results in the activity not being recorded in the accounting system and in misstatements in the financial statements.

The Village should implement procedures to ensure all OPWC activity is posted to the proper fund in the UAN accounting system and reported on the financial statements. The Village should also update appropriations in their accounting system and obtain amended certificates of estimated resources from the County Auditor for OPWC projects.

**FINDING NUMBER 2021-034  
(Continued)**

**Officials' Response:**

The Finance Committee Chairman will recommend to the Committee and Council that procedures on the OPWC activities once the OPWC notifies the Village Clerk with all documents of payments for the Village Clerk to enter the payments into UAN.

**FINDING NUMBER 2021-035**

**Noncompliance**

*Timely Deposits*

**Ohio Rev. Code § 9.38** provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

Due to incomplete and inadequate pay-in records, it could not be determined if the receipts described below had been deposited timely with the Village Clerk or designated depository:

- For 2021, one of 20 (50%) Charges for Services (utility) receipts tested, totaling \$69.
- For 2020, one out of 20 (50%) Charges for Services (utility) receipts tested, totaling \$8,042.
- For 2020, two of seven (29%) General Fund Charges for Services receipts tested, totaling \$39,764.

It also could not be determined that the following receipts were not deposited timely:

- For 2021, two of four (50%) Fines, Licenses, and Permits receipts tested, totaling \$17,930, were not deposited with the Treasurer or designated depository for a period ranging from four to five business days after initial receipt of the monies.
- For 2021, four of 20 (20%) Charges for Services (utility) receipts tested, totaling \$31,579, were not deposited with the Treasurer or designated depository for a period ranging from two to four business days after initial receipt of the monies.
- For 2020, one of five (20%) Fines, Licenses, and Permits receipts tested, totaling \$5,626, were not deposited with the Treasurer or designated depository for four business days after initial receipt of the monies.
- For 2020, nine of 20 (45%) Charges for Services (utility) receipts tested, totaling \$43,311, were not deposited with the Treasurer or designated depository for a period ranging from two to five business days after initial receipt of the monies.

Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

**FINDING NUMBER 2021-035**  
**(Continued)**

The Village should draft, approve and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

**Officials' Response:**

Council adopted Ordinance 2021-13 that requires the Treasurer to deposit monies within twenty-four hours of receipt.



**VILLAGE OF ADDYSTON  
HAMILTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2019-001	Finding for Recovery Repaid Under Audit/Noncompliance – Amount of \$2,368	Fully Corrected	Repaid in full
2019-002	Finding for Recovery/Noncompliance – Amount of \$1,262	No	Finding for recovery not repaid
2019-003	Findings for Recovery Repaid Under Audit/Noncompliance – total amount of \$279	Fully Corrected	Repaid in full
2019-004	Finding for Recovery/Noncompliance – total amount of \$2,051	No	Findings for recovery not repaid
2019-005	Finding for Recovery/Noncompliance – Amount of \$11,180	No	Finding for recovery not repaid
2019-006	Finding for Recovery/Noncompliance – Amount of \$241	No	Finding for recovery not repaid
2019-007	Internal Control Deficiency – Cash Reconciliations	No	Partially Corrected; re-issued as Finding Number 2021-002
2019-008	Internal Control Deficiency/Noncompliance – Financial Reporting	No	Not Corrected; re-issued as Finding Number 2021-001
2019-009	Internal Control Deficiency – Controls over Payroll Cycle	No	Not Corrected; re-issued as Finding Number 2021-011
2019-010	Internal Control Deficiency – Leave Balances	No	Not Corrected; re-issued as Finding Number 2021-013
2019-011	Noncompliance – Local Tax Withholdings & Remittances	No	Not Corrected; re-issued as Finding Number 2021-016
2019-012	Noncompliance - State Income Tax Withholdings and Remittances		Not Corrected; re-issued as Finding Number 2021-015
2019-013	Noncompliance – Federal Tax Withholdings and Remittances	No	Not Corrected; re-issued as Finding Number 2021-014

Village of Addyston  
Hamilton County  
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2019-014	Noncompliance – Ohio Public Employees Retirement System (OPERS) Withholdings and Remittances	No	Not Corrected; re-issued as Finding Number 2021-017
2019-015	Noncompliance – Ohio Public Employees Retirement System (OPERS) Remittances		Not Corrected; re-issued as part of Finding Number 2021-017
2019-016	Noncompliance – Ohio Police and Fire Pension Fund (OP&F) Withholdings and Remittances	Fully Corrected	
2019-017	Noncompliance – Accuracy of W-2 Forms	Fully Corrected	
2019-018	Internal Control Deficiency- Mayor's Court Bank Reconciliations and Accounting for Mayor's Court Activity	No	Not Corrected; re-issued as Finding Number 2021-003
2019-019	Noncompliance/Internal Control Deficiency – Mayor's Court	No	Not Corrected; re-issued as Finding Number 2021-004
2019-020	Internal Control Deficiency – Controls Over Utility Receipts Cycle and Utilities Charges	No	Not Corrected; re-issued as Finding Number 2021-034
2019-021	Internal Control Deficiency – Budgetary Postings to UAN system	No	Not Corrected; re-issued as Finding Number 2021-005
2019-022	Noncompliance – Social Security Withholdings	No	Not Corrected; re-issued as Finding Number 2021-011
2019-023	Noncompliance – Minutes Records	Fully Corrected	
2019-024	Noncompliance – Credit Card Policy	Fully Corrected	
2019-025	Noncompliance – Failure to Properly Encumber	No	Not Corrected; re-issued as Finding Number 2021-009
2019-026	Noncompliance – Annual Appropriation Measure	No	Corrected for 2021; re-issued as Finding Number 2021-006 for 2020
2019-027	Allocation of Interest – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-024

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2019-028	Appropriations in Excess of Estimated Resources – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-008
2019-029	Negative Fund Balances – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-025
2019-030	Expenditures in Excess of Appropriations - Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-007
2019-031	Timely Deposits – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-036
2019-032	Village Clerk Training – Noncompliance	No	Not Corrected- re-issued as Finding Number 2021-031
2019-033	Village Treasurer Training – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-030
2019-034	Public Records Training – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-021
2019-035	Destruction of Records – Noncompliance	No	Not Corrected; re-issued as Finding Number 2021-023
2019-036	Filing of Annual Reports – Noncompliance	Fully Corrected	
2019-037	Internal Control Deficiency – Payroll Cycle	No	Not Corrected; re-issued as Finding Number 2021-012
2019-038	Noncompliance – Law Enforcement Trust Fund	No	Not Corrected; re-issued as Finding Number 2021-019
2019-039	Internal Control Deficiency – Audit Committee	No	Not Corrected; re-issued as Finding Number 2021-029
2019-040	Internal Control Deficiency – Internal Audit Process	No	Not Corrected; re-issued as Finding Number 2021-028
2019-041	Internal Control Deficiency – Information System Controls	No	Not Corrected; re-issued as Finding Number 2021-026
2019-042	Internal Control Deficiency – Disaster Recovery Plan	No	Not Corrected; re-issued as Finding Number 2021-027



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ADDYSTON**

**HAMILTON 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 5/14/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)