

VILLAGE OF RIO GRANDE
GALLIA COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Rio Grande
PO Box 343
Rio Grande, OH 45674

We have reviewed the *Independent Auditor's Report* of the Village of Rio Grande, Gallia County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Rio Grande is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 04, 2024

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Village of Rio Grande
Gallia County
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Independent Auditor's Report

Village Council
Village of Rio Grande
Gallia County
PO Box 343
Rio Grande, Ohio 45674

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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


- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2024

Village of Rio Grande
Gallia 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 878	\$ -	\$ -	\$ 878
Municipal Income Tax	225,931	6,000	102,001	333,932
Intergovernmental	53,023	90,105	-	143,128
Charges for Services	24,996	-	-	24,996
Fines, Licenses and Permits	11,961	2,529	-	14,490
Earnings on Investments	5,832	-	-	5,832
Miscellaneous	34,947	2,476	40,000	77,423
Total Cash Receipts	357,568	101,110	142,001	600,679
Cash Disbursements:				
Current:				
Security of Persons and Property	141,904	20,454	35,041	197,399
Leisure Time Activities	3,183	-	-	3,183
Community Environment	876	-	-	876
Transportation	-	30,745	-	30,745
General Government	158,107	20,001	-	178,108
Capital Outlay	91	4,675	-	4,766
Debt Service:				
Redemption of Principal	-	381	-	381
Total Cash Disbursements	304,161	76,256	35,041	415,458
Net Change in Fund Cash Balances	53,407	24,854	106,960	185,221
Fund Cash Balances, January 1 - Restated	92,940	37,269	59,145	189,354
Fund Cash Balances, December 31	<u>\$ 146,347</u>	<u>\$ 62,123</u>	<u>\$ 166,105</u>	<u>\$ 374,575</u>

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

Village of Rio Grande
Gallia County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 450,418
Total Operating Cash Receipts	450,418
Operating Cash Disbursements:	
Personal Services	75,552
Employee Fringe Benefits	27,540
Contractual Services	55,117
Supplies and Materials	28,241
Other	119,695
Total Operating Cash Disbursements	306,145
Operating Income	144,273
Non-Operating Cash Receipts (Disbursements):	
Principal Retirement	(28,628)
Interest and Fiscal Charges	(9,094)
Capital Outlay	(6,931)
Miscellaneous	5,520
Total Non-Operating Cash Receipts (Disbursements)	(39,133)
Net Change in Fund Cash Balances	105,140
Fund Cash Balances, January 1	513,709
Fund Cash Balances, December 31	\$ 618,849

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

Village of Rio Grande
Gallia County
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
	Other Custodial
Additions:	
Fines, Licenses and Permits for Distribution	\$ 12,903
Total Additions	12,903
Deductions:	
Distributions to Other Governments	1,576
Distributions to Other Funds (Primary Government)	11,923
Other Distributions	451
Total Deductions	13,950
Net Change in Fund Balances	(1,047)
Fund Cash Balances, January 1 - Restated	1,918
Fund Cash Balances, December 31	\$ 871

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

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Reporting Entity

The Village of Rio Grande (the Village), Gallia 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 general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

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 Fund – This 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.

American Rescue Fund - This fund receives Coronavirus State and Local Fiscal Recovery Funds through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding.

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

Police Capital Projects Fund – This fund receives income tax money from the General Fund each month for the purpose of purchasing equipment and reoccurring expenditures.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Fire Capital Projects Fund – This fund receives income tax money from the General Fund each month for the purpose of paying the fire truck and bunker equipment/gear loans.

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

Sewer Fund – This 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. The Village does not have any trust funds.

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 mayor’s court activity.

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.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

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 RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Note 3 – Compliance

Contrary to Ohio Revised Code Section 5705.41(D), we noted instances where purchase commitments preceded the encumbrance date in the General and Sewer Funds.

Contrary to Ohio Revised Code Section 117.38(A), the Village did not include note disclosures in its annual filing, resulting in an incomplete submission.

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$357,222	\$357,568	\$346
Special Revenue	\$118,143	\$101,110	(\$17,033)
Capital Projects	\$102,000	\$142,001	\$40,001
Enterprise	\$404,700	\$455,938	\$51,238
Total	\$982,065	\$1,056,617	\$74,552

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$450,161	\$318,646	\$131,515
Special Revenue	\$155,412	\$87,332	\$68,080
Capital Projects	\$161,145	\$78,523	\$82,622
Enterprise	\$918,411	\$352,412	\$565,999
Total	\$1,685,129	\$836,913	\$848,216

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 5 - Deposits and Investments

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

	<u>2021</u>
Demand deposits	<u>\$906,090</u>
Total deposits	<u>906,090</u>
STAR Ohio	<u>88,205</u>
Total Investments	<u>88,205</u>
Total deposits and investments	<u><u>\$994,295</u></u>

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 6 - Taxes

Property Taxes

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

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 6 – Taxes (continued)

payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – 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. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Note 9 – Post-Employment Benefits

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

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 9 – Post-Employment Benefits (continued)

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 10 - Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) OWDA Loan #6800	\$285,246	2.00%
2) OWDA Loan #7083	\$288,399	1.04%
3) OPWC – CO20V Loan	\$8,754	0.00%
	<u>\$582,399</u>	

1) The Ohio Water Development Authority (OWDA) loan (#6800) relates to a waterline and meter replacement project. The OWDA approved \$492,853 in loans to the Village for this project with an interest rate of 2%. The Village began repaying the loan in July 2015 with semi-annual installments that will last 30 years.

2) The Ohio Water Development Authority (OWDA) loan (#7083) relates to a waste water treatment plant flood damage. The OWDA approved \$430,000 in loans to the Village for this project with an interest rate of 1.04%. The Village began repaying the loan in July 2016 with semi-annual installments that will last 20 years.

3) The Ohio Public Works Commission (OPWC) loan (#CO20V) relates to Village street reconstruction improvements. The OPWC approved \$9,516 in loans to the Village for this project with an interest rate of 0%. The Village began repaying this loan in July 2019 with semi-annual installments that will last 25 years.

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

Year Ending December 31:	OWDA #6800	OWDA #7083	OPWC #CO20V	Total
2022	\$7,767	\$11,095	\$381	\$19,243
2023	15,533	22,189	381	38,103
2024	15,533	22,189	381	38,103
2025	15,533	22,189	381	38,103
2026	15,533	22,189	381	38,103
2027-2031	77,666	110,947	1,903	190,516
2032-2036	77,666	99,852	1,903	179,421
2037-2041	77,666	-	1,903	79,569
2042-2045	54,366	-	1,140	55,506
Total	<u>\$357,263</u>	<u>\$310,650</u>	<u>\$8,754</u>	<u>\$676,667</u>

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 11 – Fund Balance

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

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$569	\$0	\$0	\$569
Outstanding Encumbrances	14,485	11,076	43,482	69,043
<i>Total</i>	\$15,054	\$11,076	\$43,482	\$69,612

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

Note 12 – Restatement of Fund Balances

The Village previously reported unclaimed monies as a custodial fund. However, this fund should be reported with the general fund for financial reporting purposes under Governmental Accounting Standards Board Statement No. 54 and the Auditor of State Technical Bulletin 2011-004.

The restatement of unclaimed monies had the following effect on fund balances as of December 31, 2020:

	General Fund	Custodial Fund
Fund Balance, December 31, 2020	\$92,371	\$2,487
Adjustments:		
Unclaimed Monies	569	(569)
Restated Fund Balance, December 31, 2020	\$92,940	\$1,918

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April, 2023. During 2021, the Village received \$40,905 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 14 – Subsequent Events

In 2022, the Village issued \$1,114,000 in loans with the Ohio Water Development Authority for capital improvements on the Village's wastewater treatment and collection system. This loan served as temporary funding while the Village awaited approval of a USDA loan application, which closed in January 2023. The Village received a \$1,114,000 loan from USDA, which was used to pay off the Village's temporary loan with OWDA. In addition to the funding above, the Village received additional USDA grant monies in the amount of \$129,795 in 2022, \$1,065,259 in 2023, and \$158,946 in 2024. The wastewater treatment and collection system improvement project was completed in January 2024.

In May 2023, the Village took out a loan with the Ohio Valley Banking Company in the amount of \$59,065 for the purpose of purchasing a new police cruiser. The interest rate is 6.74%. The loan matures in May 2027.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Village Council
Village of Rio Grande
Gallia County
PO Box 343
Rio Grande, Ohio 45674

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of Rio Grande, Gallia County, Ohio, (the Village) as of and for the year ended December 31, 2021, and the related notes to the financial statements and have issued our report thereon dated June 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Village of Rio Grande
Gallia County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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Report on Compliance and Other Matters

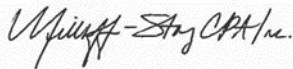
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-003 and 2021-004.

Village's Responses to Findings

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2024

Village of Rio Grande
Gallia County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village’s financial statements. During the course of testing, we noted multiple misclassifications during the audit period in our testing of charges for services, miscellaneous revenue, nonpayroll disbursements, property tax and intergovernmental revenue, municipal income taxes, and debt payments. Additionally, adjustments were required to correct beginning balances as well as to record activity of the Mayor’s Court. Further, changes to the Village’s note disclosures were required. These misstatements, misclassifications and disclosure errors and omissions were corrected in the accompanying financial statements and notes.

We recommend the Village implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential errors and misclassifications in the financial statements and to ensure proper presentation of note disclosures.

Village Response:

The Village has implemented procedures to correct this going forward.

Finding Number 2021-002

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. We noted multiple material variances between the final filed amended certificate of estimated resources and the accounting system. In addition, we noted multiple material variances between the final filed appropriations measure and the accounting system. We recommend the Village adopt additional procedures to ensure accuracy between approved budgetary documents and their accounting system.

Village Response:

The Village will update budgetary information more often.

Finding Number 2021-003

Noncompliance Citation – Ohio Revised Code Section 5705.41(D)

Ohio Revised Code Section 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 for the order or contract 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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Village of Rio Grande
Gallia County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Finding Number 2021-003 (continued)

Noncompliance Citation – Ohio Revised Code Section 5705.41(D) (continued)

1. “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 collections, 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 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 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – 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.
3. Super Blanket Certificate – The 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.

During testing, we noted multiple instances where transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred. Additionally, we noted one super blanket purchase order that did not meet the expenditure type noted above. The Village also has not passed an ordinance or resolution establishing a dollar limit for blanket certificates.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Fiscal Officer 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. Furthermore, the Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Village Council should establish by ordinance or resolution a maximum amount for any blanket certificates used by the Village. Additionally, the Village should only utilize super blanket purchase orders for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense.

Village Response:

The Village implemented corrective action in 2023.

Village of Rio Grande
Gallia County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Finding Number 2021-004

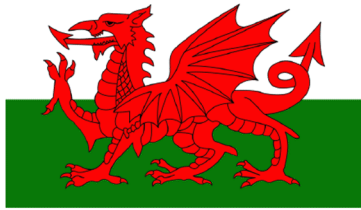
Noncompliance Citation – Ohio Revised Code Section 117.38(A)

Ohio Revised Code Section 117.38 (A) states that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. (B) The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

Per review of the Hinkle system, the Village filed its 2021 annual report on February 24, 2022. However, the original submission was not complete as it did not include notes to the financial statements. The Village did not correct its submission until September 21, 2023. We recommend that the Village adopt proper procedures to ensure that its annual report is both complete and filed by the required deadline.

Village Response:

The Village will file complete and timely reports in the future.



Village of Rio Grande

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*Schedule of Prior Audit Findings
 For the Year Ended December 31, 2021*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2020-001	Noncompliance Citation – ORC 5705.41(B) Expenditures in Excess of Appropriations	Yes	
Finding 2020-002	Noncompliance Citation – ORC 5705.41(D)(1) Improper Encumbrance of Funds	No	Reissued as Finding 2021-003
Finding 2020-003	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2021-002
Finding 2020-004	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001

VILLAGE OF RIO GRANDE
GALLIA COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022



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Village of Rio Grande
Gallia County
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For the Year Ended December 31, 2022

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Independent Auditor's Report

Village Council
Village of Rio Grande
Gallia County
PO Box 343
Rio Grande, Ohio 45674

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Rio Grande, Gallia County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

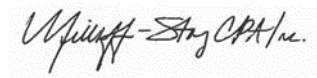
Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Federal Awards Expenditures as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2024

Village of Rio Grande
Gallia County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 818	\$ -	\$ -	\$ 818
Municipal Income Tax	245,674	6,000	102,000	353,674
Intergovernmental	49,854	81,638	46,900	178,392
Charges for Services	28,868	-	-	28,868
Fines, Licenses and Permits	8,152	3,950	-	12,102
Earnings on Investments	7,522	107	-	7,629
Miscellaneous	26,747	8,960	1,699	37,406
Total Cash Receipts	367,635	100,655	150,599	618,889
Cash Disbursements:				
Current:				
Security of Persons and Property	201,360	25,403	65,390	292,153
Leisure Time Activities	670	-	-	670
Community Environment	1,542	-	-	1,542
Transportation	-	46,174	-	46,174
General Government	131,321	11,852	-	143,173
Capital Outlay	13,342	47,300	110,743	171,385
Debt Service:				
Redemption of Principal	-	571	-	571
Total Cash Disbursements	348,235	131,300	176,133	655,668
Excess of Receipts Over (Under) Disbursements	19,400	(30,645)	(25,534)	(36,779)
Special Item	215	-	-	215
Net Change in Fund Cash Balances	19,615	(30,645)	(25,534)	(36,564)
Fund Cash Balances, January 1	146,347	62,123	166,105	374,575
Fund Cash Balances, December 31	\$ 165,962	\$ 31,478	\$ 140,571	\$ 338,011

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

Village of Rio Grande
Gallia County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 486,596
Total Operating Cash Receipts	486,596
Operating Cash Disbursements:	
Personal Services	88,331
Employee Fringe Benefits	29,945
Contractual Services	82,708
Supplies and Materials	36,407
Other	165,937
Total Operating Cash Disbursements	403,328
Operating Income	83,268
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	379,795
Principal Retirement	(29,117)
Interest and Fiscal Charges	(8,605)
Capital Outlay	(1,493,772)
Other Debt Proceeds	1,114,000
Debt Issuance Costs	(3,885)
Miscellaneous	8,080
Total Non-Operating Cash Receipts (Disbursements)	(33,504)
Net Change in Fund Cash Balances	49,764
Fund Cash Balances, January 1	618,849
Fund Cash Balances, December 31	\$ 668,613

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

Village of Rio Grande
Gallia County
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
	Other Custodial
Additions:	
Fines, Licenses and Permits for Distribution	\$ 7,592
Total Additions	7,592
Deductions:	
Distributions to Other Governments	850
Distributions to Other Funds (Primary Government)	7,064
Other Distributions	249
Total Deductions	8,163
Net Change in Fund Balances	(571)
Fund Cash Balances, January 1	871
Fund Cash Balances, December 31	\$ 300

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

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 – Reporting Entity

The Village of Rio Grande (the Village), Gallia 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 general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

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 Fund – This 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.

American Rescue Fund - This fund receives Coronavirus State and Local Fiscal Recovery Funds through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding.

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

Police Capital Projects Fund – This fund receives income tax money from the General Fund each month for the purpose of purchasing equipment and reoccurring expenditures.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Fire Capital Projects Fund – This fund receives income tax money from the General Fund each month for the purpose of paying the fire truck and bunker equipment/gear loans.

MARCS Grant Fund – This fund receives grant money from the State of Ohio for the purpose of purchasing systems, equipment, and/or services that are a part of, integrated into, or otherwise interoperable with the Multi-Agency Radio Communication System (MARCS) operated by the State of Ohio with respect to providing fire protection services.

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

Sewer Fund – This 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. The Village does not have any trust funds.

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 mayor’s court activity.

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.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

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.

Special Item

Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

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.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, expenditures exceeded appropriations in the Street Fund by \$6,873 for the year ended December 31, 2022.

Contrary to Ohio Revised Code Section 5705.41(D), we noted instances where purchase commitments preceded the encumbrance date in the General, State Highway, and Sewer Funds.

Contrary to Ohio Revised Code Section 117.38(A), the Village did not include proper note disclosures in its annual filing, resulting in an incomplete submission.

Note 4 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

	2022 Budgeted vs. Actual Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$401,593	\$367,850	(\$33,743)
Special Revenue	\$96,817	\$100,655	\$3,838
Capital Projects	\$135,300	\$150,599	\$15,299
Enterprise	\$3,122,614	\$1,988,471	(\$1,134,143)
Total	\$3,756,324	\$2,607,575	(\$1,148,749)

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 4 – Budgetary Activity (continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$522,886	\$357,271	\$165,615
Special Revenue	\$147,810	\$131,973	\$15,837
Capital Projects	\$249,534	\$183,673	\$65,861
Enterprise	\$3,735,533	\$1,959,559	\$1,775,974
Total	\$4,655,763	\$2,632,476	\$2,023,287

Note 5 - Deposits and Investments

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

	2022
Demand deposits	\$349,809
Total deposits	\$349,809
STAR Ohio	\$657,115
Total Investments	\$657,115
Total deposits and investments	\$1,006,924

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 6 - Taxes

Property Taxes

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

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 6 – Taxes (continued)

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.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – 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. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

police members’ wages and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2022.

Note 9 – Post-Employment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 - Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) OWDA Loan #6800	\$275,369	2.00%
2) OWDA Loan #7083	\$269,159	1.04%
3) OWDA Loan #9615	\$1,114,000	1.67%
4) OPWC – CO20V Loan	<u>\$8,183</u>	0.00%
	<u>\$1,666,711</u>	

1) The Ohio Water Development Authority (OWDA) loan (#6800) relates to a waterline and meter replacement project. The OWDA approved \$492,853 in loans to the Village for this project with an interest rate of 2%. The Village began repaying the loan in July 2015 with semi-annual installments that will last 30 years.

2) The Ohio Water Development Authority (OWDA) loan (#7083) relates to a waste water treatment plant flood damage. The OWDA approved \$430,000 in loans to the Village for this project with an interest rate of 1.04%. The Village began repaying the loan in July 2016 with semi-annual installments that will last 20 years.

3) The Ohio Water Development Authority (OWDA) loan (#9615) relates to temporary funding received for improvements to the Village’s wastewater treatment and collection system. The OWDA approved \$1,114,000 in loans to the Village for this project with an interest rate of 1.67%. An amortization schedule is not yet available for this loan.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 10 – Debt (continued)

4) The Ohio Public Works Commission (OPWC) loan (#CO20V) relates to Village street reconstruction improvements. The OPWC approved \$9,516 in loans to the Village for this project with an interest rate of 0%. The Village began repaying this loan in July 2019 with semi-annual installments that will last 25 years.

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

Year Ending December 31:	OWDA #6800	OWDA #7083	OPWC #CO20V	Total
2023	\$7,864	\$11,095	\$190	\$19,149
2024	15,533	22,189	381	38,103
2025	15,533	22,189	381	38,103
2026	15,533	22,189	381	38,103
2027	15,533	22,189	381	38,103
2028-2032	77,666	110,947	1,903	190,516
2033-2037	77,666	77,663	1,903	157,232
2038-2042	77,666	-	1,903	79,569
2043-2045	38,833	-	760	39,593
Total	<u>\$341,827</u>	<u>\$288,461</u>	<u>\$8,183</u>	<u>\$638,471</u>

Note 11 – Construction and Contractual Commitments

At December 31, 2022, the Village had the following significant outstanding contractual commitments:

Contractor	Contract Amount	Amount Paid As of 12/31/2022	Contract Remaining
Southern Ohio Trenching and Excavating	\$ 1,161,678	\$ 704,129	\$ 457,549
Kirk Bros. Co., Inc.	\$ 803,705	\$ 504,237	\$ 299,468

Note 12 – Fund Balance

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

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$7	\$0	\$0	\$7
Outstanding Encumbrances	9,036	673	7,540	17,249
<i>Total</i>	<u>\$9,043</u>	<u>\$673</u>	<u>\$7,540</u>	<u>\$17,256</u>

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 12 – Fund Balance (continued)

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April, 2023. During 2022, the Village received \$41,232 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 14 – Subsequent Events

In 2022, the Village issued \$1,114,000 in loans with the Ohio Water Development Authority for capital improvements on the Village's wastewater treatment and collection system. This loan served as temporary funding while the Village awaited approval of a USDA loan application, which closed in January 2023. The Village received a \$1,114,000 loan from USDA, which was used to pay off the Village's temporary loan with OWDA. In addition to the funding above, the Village received additional USDA grant monies in the amount of \$129,795 in 2022, \$1,065,259 in 2023, and \$158,946 in 2024. The wastewater treatment and collection system improvement project was completed in January 2024.

In May 2023, the Village took out a loan with the Ohio Valley Banking Company in the amount of \$59,065 for the purpose of purchasing a new police cruiser. The interest rate is 6.74%. The loan matures in May 2027.

Village of Rio Grande
Gallia County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Federal Awards Expenditures
<u>United States Department of Agriculture</u>			
<i>Direct from Federal Government</i>			
Water and Waste Disposal Systems for Rural Communities	N	10.760	\$1,481,445
<i>Passed Through Ohio Department of Natural Resources</i>			
Cooperative Forestry Assistance	N/A	10.664	<u>10,000</u>
Total United States Department of Agriculture			<u>1,491,445</u>
<u>United States Department of the Treasury</u>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	<u>58,414</u>
Total United States Department of the Treasury			<u>58,414</u>
Total Federal Financial Assistance			<u>\$1,549,859</u>

N/A - pass through entity number not available.
N - direct from federal government

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Rio Grande (the Village) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Village Council
Village of Rio Grande
Gallia County
PO Box 343
Rio Grande, Ohio 45674

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of Rio Grande, Gallia County, Ohio, (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated June 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report On Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Village of Rio Grande
Gallia County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

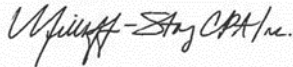
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-003, 2022-004, and 2022-005.

Village's Responses to Findings

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2024



**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Village of Rio Grande
Lawrence County
PO Box 343
Rio Grande, Ohio 45674

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the Village of Rio Grande, Gallia County, Ohio, (the Village) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2022. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

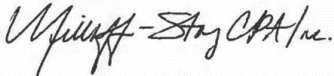
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Village of Rio Grande
Gallia County
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the
Uniform Guidance
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2024

Village of Rio Grande
Gallia County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Adverse on GAAP. Unmodified on Regulatory Basis.
Internal control over financial reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		No
Noncompliance material to financial statements noted?		Yes
<i>Federal Awards</i>		
Internal control over major program(s):		
Material weakness(es) identified?		No
Significant deficiency(ies)?		None reported
Type of auditor’s report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Water and Waste Disposal Systems for Rural Communities (AL #10.760)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village’s financial statements. During the course of testing, we noted multiple misclassifications during the audit period in our testing of charges for services, miscellaneous revenue, nonpayroll disbursements, property tax and intergovernmental revenue, municipal income taxes, and debt issuances. Additionally, adjustments were required to correct beginning balances as well as to record activity of the Mayor’s Court. Further, changes to the Village’s note disclosures were required. These misstatements, misclassifications and disclosure errors and omissions were corrected in the accompanying financial statements and notes.

We recommend the Village implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential errors and misclassifications in the financial statements and to ensure proper presentation of note disclosures.

Village Response:
See accompanying corrective action plan.

Village of Rio Grande
Gallia County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-002

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. We noted multiple material variances between the final filed amended certificate of estimated resources and the accounting system. In addition, we noted multiple material variances between the final filed appropriations measure and the accounting system. We recommend the Village adopt additional procedures to ensure accuracy between approved budgetary documents and their accounting system.

Village Response:

See accompanying corrective action plan.

Finding Number 2022-003

Noncompliance Citation – Ohio Revised Code Section 5705.41(B)

Ohio Revised Code Section 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.

In 2022, we noted expenditures in excess of appropriations in the Street fund of \$6,873.

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 Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Village Response:

See accompanying corrective action plan.

Finding Number 2022-004

Noncompliance Citation – Ohio Revised Code Section 5705.41(D)

Ohio Revised Code Section 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 for the order or contract 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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Village of Rio Grande
Gallia County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-004 (continued)

Noncompliance Citation – Ohio Revised Code Section 5705.41(D) (continued)

1. “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 collections, 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 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 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – 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.
3. Super Blanket Certificate – The 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.

During testing, we noted multiple instances where transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred. Additionally, we noted one super blanket purchase order that did not meet the expenditure type noted above. Further, we noted one super blanket purchase order that extended beyond fiscal year end. The Village also has not passed an ordinance or resolution establishing a dollar limit for blanket certificates.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Fiscal Officer 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. Furthermore, the Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. In addition, the Village Council should establish by ordinance or resolution a maximum amount for any blanket certificates used by the Village. Additionally, the Village should only utilize super blanket purchase orders for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. Super blanket purchase orders may not extend beyond fiscal year end.

Village Response:

See accompanying corrective action plan.

Village of Rio Grande
Gallia County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-005

Noncompliance Citation – Ohio Revised Code Section 117.38(A)

Ohio Revised Code Section 117.38 (A) states that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. (B) The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

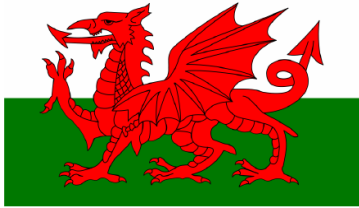
Per review of the Hinkle system, the Village filed its 2022 annual report on February 10, 2023. However, the original submission did not include the correct notes to the financial statements. The Village did not correct its submission until September 21, 2023. We recommend that the Village adopt proper procedures to ensure that its annual report is both complete and filed by the required deadline.

Village Response:

See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs
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None.

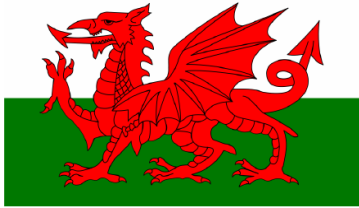


Village of Rio Grande

174 East College Ave. PO Box 343 Rio Grande, OH 45674
 (P) 740-245-5822 (F) 740-245-1704 website: www.rgvillage.com

*Corrective Action Plan
 2 CFR Section 200.511(c)
 For the Year Ended December 31, 2022*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Village has implemented procedures to correct this going forward.	June 26, 2024	Deborah Ratliff, Fiscal Officer
2022-002	The Village will update budgetary information more often.	December 31, 2024	Deborah Ratliff, Fiscal Officer
2022-003	The Village will make sure this does not happen in the future.	December 31, 2024	Deborah Ratliff, Fiscal Officer
2022-004	The Village has already implemented corrective action.	June 26, 2024	Deborah Ratliff, Fiscal Officer
2022-005	The Village will file complete and timely reports in the future.	December 31, 2024	Deborah Ratliff, Fiscal Officer



Village of Rio Grande

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*Schedule of Prior Audit Findings
 2 CFR Section 200.511(b)
 For the Year Ended December 31, 2022*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2021-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2022-001
2021-002	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2022-002
2021-003	Noncompliance Citation – ORC 5705.41(D)(1) Improper Encumbrance of Funds	No	Reissued as Finding 2022-004
2021-004	Noncompliance Citation – ORC 117.38(A) Filing of Annual Report	No	Reissued as Finding 2022-005

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RIO GRANDE

GALLIA 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 9/17/2024

65 East State 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