



Dave Yost • Auditor of State

VILLAGE OF FLORIDA
HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings	23

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Florida
Henry County
111 East High Street
Napoleon, Ohio 43545-9203

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position and cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Florida, Henry County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Village Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 2, 2014

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,982	\$10,775	\$25,757
Intergovernmental	8,494	13,980	22,474
Earnings on Investments	228		228
Miscellaneous	3,141	128	3,269
<i>Total Cash Receipts</i>	<u>26,845</u>	<u>24,883</u>	<u>51,728</u>
Cash Disbursements			
Current:			
Security of Persons and Property	3,780	7,959	11,739
Public Health Services	666		666
Leisure Time Activities	1,885		1,885
Basic Utility Services	494		494
Transportation		5,646	5,646
General Government	19,354	327	19,681
<i>Total Cash Disbursements</i>	<u>26,179</u>	<u>13,932</u>	<u>40,111</u>
<i>Excess of Receipts Over Disbursements</i>	<u>666</u>	<u>10,951</u>	<u>11,617</u>
Other Financing Receipts (Disbursements)			
Transfers In	3,030		3,030
Transfers Out		(3,030)	(3,030)
Other Financing Sources	6,460		6,460
<i>Total Other Financing Receipts (Disbursements)</i>	<u>9,490</u>	<u>(3,030)</u>	<u>6,460</u>
<i>Net Change in Fund Cash Balances</i>	10,156	7,921	18,077
<i>Fund Cash Balances, January 1</i>	<u>(2,877)</u>	<u>83,307</u>	<u>80,430</u>
Fund Cash Balances, December 31			
Restricted		91,228	91,228
Unassigned	7,279		7,279
<i>Fund Cash Balances, December 31</i>	<u>\$7,279</u>	<u>\$91,228</u>	<u>\$98,507</u>

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Total Memorandum Only
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$224,166		\$224,166
Miscellaneous	28		28
<i>Total Operating Cash Receipts</i>	<u>224,194</u>		<u>224,194</u>
Operating Cash Disbursements			
Personal Services	24,964		24,964
Transportation	2,709		2,709
Contractual Services	128,890	\$26,869	155,759
Supplies and Materials	4,334		4,334
Other	292		292
<i>Total Operating Cash Disbursements</i>	<u>161,189</u>	<u>26,869</u>	<u>188,058</u>
<i>Operating Income (Loss)</i>	<u>63,005</u>	<u>(26,869)</u>	<u>36,136</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental		17,140	17,140
Special Assessments	35,911		35,911
Loan Proceeds	71,380		71,380
Capital Outlay	(71,380)		(71,380)
Principal Retirement	(42,169)		(42,169)
Interest and Other Fiscal Charges	(48,366)		(48,366)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(54,624)</u>	<u>17,140</u>	<u>(37,484)</u>
<i>Net Change in Fund Cash Balances</i>	8,381	(9,729)	(1,348)
<i>Fund Cash Balances, January 1</i>	<u>295,005</u>	<u>14,715</u>	<u>309,720</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$303,386</u></u>	<u><u>\$4,986</u></u>	<u><u>\$308,372</u></u>

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$17,069	\$12,197	\$29,266
Intergovernmental	8,413	14,822	23,235
Earnings on Investments	393	72	465
Miscellaneous	3,291		3,291
<i>Total Cash Receipts</i>	<u>29,166</u>	<u>27,091</u>	<u>56,257</u>
Cash Disbursements			
Current:			
Security of Persons and Property	4,203	12,519	16,722
Public Health Services	623		623
Leisure Time Activities	910	127	1,037
Basic Utility Services	817		817
Transportation		10,111	10,111
General Government	19,835	442	20,277
<i>Total Cash Disbursements</i>	<u>26,388</u>	<u>23,199</u>	<u>49,587</u>
<i>Excess of Receipts Over Disbursements</i>	2,778	3,892	6,670
<i>Fund Cash Balances, January 1</i>	<u>(5,655)</u>	<u>79,415</u>	<u>73,760</u>
Fund Cash Balances, December 31			
Restricted		83,307	83,307
Unassigned (Deficit)	<u>(2,877)</u>		<u>(2,877)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$2,877)</u></u>	<u><u>\$83,307</u></u>	<u><u>\$80,430</u></u>

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Total Memorandum Only
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$201,275		\$201,275
Operating Cash Disbursements			
Personal Services	21,046		21,046
Transportation	3,014		3,014
Contractual Services	116,594	\$2,642	119,236
Supplies and Materials	6,798		6,798
Other	925		925
<i>Total Operating Cash Disbursements</i>	148,377	2,642	151,019
<i>Operating Income (Loss)</i>	52,898	(2,642)	50,256
Non-Operating Receipts (Disbursements)			
Intergovernmental	160,850	16,018	176,868
Special Assessments	38,396		38,396
Loan Proceeds	114,150		114,150
Earnings on Investments	8		8
Capital Outlay	(269,029)		(269,029)
Principal Retirement	(36,185)		(36,185)
Interest and Other Fiscal Charges	(49,835)		(49,835)
<i>Total Non-Operating Receipts (Disbursements)</i>	(41,645)	\$16,018	(\$25,627)
<i>Net Change in Fund Cash Balances</i>	11,253	13,376	24,629
<i>Fund Cash Balances, January 1</i>	283,752	1,339	285,091
<i>Fund Cash Balances, December 31</i>	\$295,005	\$14,715	\$309,720

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Florida, Henry County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and park operations. The Village contracts with the Henry County Sheriff's department to provide security of persons and property. The Village contracts with Richland Township – Jewell Rescue and Flatrock Township to receive fire protection and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies - (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Emergency Medical Services Fund – This fund receives tax levy money for the purpose of providing emergency medical service for Village residents.

3. Enterprise Funds

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

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

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

4. Fiduciary Funds (Agency Fund)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

Okolona Sewer Agency Fund – This fund is used to account for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies - (Continued)

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balances are 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:

1. Nonspendable

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

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies - (Continued)

5. 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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$290,559	\$273,875
STAR Ohio	116,320	116,275
Total deposits and investments	<u>\$406,879</u>	<u>\$390,150</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity - (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,841	\$36,335	\$11,494
Special Revenue	25,548	24,883	(665)
Enterprise	247,388	331,485	84,097
Total	\$297,777	\$392,703	\$94,926

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$26,179	(\$26,179)
Special Revenue		16,962	(16,962)
Enterprise		323,104	(323,104)
Total		\$366,245	(\$366,245)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,417	\$29,166	(\$3,251)
Special Revenue	24,702	27,091	2,389
Enterprise	523,611	514,679	(8,932)
Total	\$580,730	\$570,936	(\$9,794)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$26,767	(\$26,767)
Special Revenue		23,219	(23,219)
Enterprise		503,426	(503,426)
Total		\$553,412	(\$553,412)

For 2013 and 2012, contrary to Ohio Rev. Code §§ 5705.38(A) and 5705.42(B), the Village did not approve annual appropriation measures and actual disbursements exceeded appropriations in all funds.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds Series 1981	\$46,500	1.50-2.88%
Mortgage Revenue Bonds Series 2006	939,639	5.00%
Ohio Water Development Authority Loan 4262	161,008	4.50%
Ohio Water Development Authority Loan 6495	77,832	1.50%
Ohio Public Works Commission Loan CE21O	109,584	0.00%
Total	<u>\$1,334,563</u>	

The Mortgage Revenue Bonds Series 1981 were issued for the construction of a municipal waterworks system. The bonds will be repaid in annual installments until 2018. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the United States Department of Agriculture (USDA) debt service requirements.

The Mortgage Revenue Bonds Series 1981 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2013 is \$ 17,618.

The Mortgage Revenue Bonds Series 2006 were issued for the purpose of retiring an interim loan for the purpose of sanitary sewer improvements. The bonds will be repaid in semi-annual installments until 2046. The Village has agreed to set utility rates sufficient to cover the United State Department of Agriculture (USDA) debt service requirements.

The Mortgage Revenue Bonds Series 2006 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2013 is \$18,515.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt - (Continued)

The Ohio Water Development Authority (OWDA) loan 4262 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be paid off in 2036.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE21O) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over 25 years. The loan will be paid off in 2037.

In 2013, the Ohio Water Development Authority (OWDA) approved a loan for \$81,804 for an elevated tank and system repairs project. As of December 31, 2013, OWDA has disbursed \$77,832. Once all loan proceeds have been received, the loan will be repaid from the Water fund over 30 years. The loan will be paid off in 2043.

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

Year ending December 31:	Mortgage Revenue	Mortgage Revenue	OWDA Loan 4262	OWDA Loan 6495	OPWC Loan
	Bonds Series 1981	Bonds Series 2006			
2014	\$12,425	\$65,259	\$8,304	\$77,832	\$4,566
2015	12,420	65,239	8,303		4,566
2016	12,490	65,209	8,303		4,566
2017	12,230	65,163	8,304		4,566
2018	3,255	65,201	8,303		4,566
2019-2023		325,889	41,516		22,830
2024-2028		325,705	41,514		22,830
2029-2033		253,433	41,517		22,830
2034-2038		145,677	24,910		18,264
2039-2043		145,536			
2044-2046		87,388			
Total	\$52,820	\$1,609,699	\$190,974	\$77,832	\$109,584

Contrary to its United States Department of Agriculture (USDA) debt agreement the Village did not submit an annual budget statement to USDA in either 2013 or 2012.

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013:

	2012	2013
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Transfers

In 2013, the Village transferred \$3,030 from the State Highway fund to the General fund since the Village no longer has a designated state highway.

9. Compliance

Contrary to Ohio Rev. Code § 5705.10 the Village posted certain revenues to improper funds.



Dave Yost • Auditor of State

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

Village of Florida
Henry County
111 East High Street
Napoleon, Ohio 43545-9203

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States *Government Auditing Standards*, the financial statements of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 2, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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. We consider findings 2013-002, 2013-003, and 2013-005 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001, 2013-002, and 2013-004 through 2013-006.

Entity's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response, and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

October 2, 2014

**VILLAGE OF FLORIDA
HENRY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. 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 requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund free from any previous encumbrances, 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 \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The 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, food items, 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 year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty-four percent of the certifications tested were not signed by the Fiscal Officer, thirty-three percent of the certifications could not be located, and twenty-six percent of the certifications were dated after the purchases were made and none of the exceptions above were followed.

**FINDING NUMBER 2013-001
(Continued)**

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language required by Ohio Revised Code § 5705.41(D) for authorizing disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. We also recommend purchase orders, invoices, and warrants be maintained together in respective files and organized in monthly folders so files can be easily located.

FINDING NUMBER 2013-002

Noncompliance Citation / Material Weakness

Ohio Rev. Code § 5705.10 provides that all money paid into any fund shall be used only for the purpose for which such fund is established. Furthermore, this code section requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.

In 2012, the following exceptions were noted:

- Motor Vehicle License Tax monies totaling \$242 were misposted to the Permissive fund instead of the Street Construction fund.
- Motor Vehicle License Tax monies totaling \$288 were misposted to the General fund instead of the Street Construction fund.
- Rollback and Homestead monies totaling \$1,136 were misposted to the General fund instead of the Emergency Management Services (EMS) fund.
- Utility receipts totaling \$1,158 were misposted to the General fund instead of the Water fund (\$811) and Sewer fund (\$347)

In 2013, the following exceptions were noted:

- United States Department of Agriculture (USDA) Sanitary Sewer Improvement debt payments totaling \$32,619 were misposted to the Water fund instead of the Sewer fund.
- Motor Vehicle License Tax monies totaling \$2,955 were misposted to the General fund instead of the Street Construction fund.
- Motor Vehicle License Tax monies totaling \$1,273 were misposted to the Permissive fund instead of the Street Construction fund.
- Rollback and Homestead monies totaling \$2,300 were misposted to the General fund instead of the Emergency Management Services (EMS) fund.

**FINDING NUMBER 2013-002
(Continued)**

These mispostings were adjusted to the Village's financial statements and accounting records.

The General fund also had a negative fund balance of \$2,877 at December 31, 2012 which is indicative of monies from one fund or funds being used to pay the expenditures of the General fund.

Financial activity should be properly reported in the accounting ledgers so management can better assess whether or not financial goals are being met on an ongoing basis. As part of monitoring process, we recommend the Fiscal Officer and management review the financial records to ensure all amounts are properly reflected in the appropriate funds and accounts. This will provide management with more accurate data to better assess whether or not financial goals are being met on an ongoing basis

FINDING NUMBER 2013-003

Material Weakness

Monitoring of Financial Activity

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The 2012 financial statements contained errors such as the following:

- Ohio Public Works Commission (OPWC) Elevated Tank Repairs, Painting, and Distribution System project grant proceeds (\$154,879), loan proceeds (\$114,150), and capital outlay disbursements (\$269,029) were not posted to the Water fund.
- General fund rollback and homestead receipts totaling \$1,581 were not properly classified as Intergovernmental Revenues.

The 2013 financial statements contained errors such as the following:

- Ohio Public Works Commission (OPWC) Elevated Tank Repairs, Painting, and Distribution System debt payments totaling \$4,566 were misposted to Contractual Services instead of Debt Service - Principal in the Water fund.
- Ohio Water Development Authority (OWDA) Elevated Tank and System Repairs loan proceeds (\$71,380) and capital outlay disbursements were not posted to the Water fund.
- General fund rollback and homestead receipts totaling \$3,196 were not properly classified as Intergovernmental Revenues.

The financial statements have been adjusted to reflect corrections for these and other errors.

To ensure the Village's financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the financial statements to identify and correct errors and omissions.

FINDING NUMBER 2013-004

Noncompliance Citation

7 CFR Part 1780.47(f)(2) requires the Village to submit, among other things, a Statement of Budget, Income, and Equity to the United States Department of Agriculture (USDA) prior to the beginning of each fiscal year.

There was no evidence the Village submitted any of the documents required by 7 CFR Part 1780.47(f)(2) to the USDA for 2013 or 2012.

We recommend the Village submit a Statement of Budget, Income, and Equity to the United States Department of Agriculture (USDA) prior to the beginning of each fiscal year.

FINDING NUMBER 2013-005

Noncompliance Citation / Material Weakness

Ohio Rev. Code § 5705.38 (A) requires on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

There was no indication in the 2012 or 2013 minutes that Council approved an appropriation measure; however, appropriations were recorded by the Fiscal Officer.

Failure to pass an official appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending.

The notes to the financial statements have been adjusted to reflect no approved appropriations for both 2012 and 2013.

We recommend Council formally approve annual appropriation measures in the minutes in accordance with the proper legal level of control. Any subsequent changes to original appropriation measures should be approved by Council and documented in the minutes as well.

FINDING NUMBER 2013-006

Noncompliance Citation

Ohio Rev. Code § 5705.41 (B) provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditures exceeded appropriations in all the funds in 2013 and 2012 since annual appropriation measures were not formally approved by Council and documented in the minutes.

Failure to pass an official appropriation measure and amend appropriation measures, which serves as a tool by which expenditures can be monitored, could result in overspending. The Village should obtain a certificate for appropriations from the County Auditor as required so expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriation limitations. In addition, appropriations should be increased as needed, and if necessary, the corresponding estimated resources should be amended.

**FINDING NUMBER 2013-006
(Continued)**

Officials' Response:

We concur with these findings and have started the implementation to correct them.

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**VILLAGE OF FLORIDA
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Rev. Code § 5705.40 – for legally adopted appropriations not consistent to what was posted.	Yes	
2011-002	Ohio Rev. Code § 5705.10 – for posting revenues to incorrect funds.	No	Not corrected and reissued as Finding 2013-002 in this report.
2011-003	Ohio Rev. Code § 5705.41 (D) (1) – for failure to certify expenditures.	No	Not corrected and reissued as Finding 2013-001 in this report.
2011-004	United States Department of Agriculture (USDA) 2006 Loan Agreement § 12 for sewer system reserve amount being insufficient.	No	Partially corrected and reissued in the management letter.
2011-005	7 CFR Part 1780.47 (f) (2) – for Statement of Budget, Income, and Equity not being submitted annually to USDA.	No	Not corrected and reissued as Finding 2013-004 in this report.
2011-006	United States Department of Agriculture (USDA) 2006 Loan Agreement § 8 – for sewer debt payments exceeding operating revenue in the Sewer fund.	Yes	
2011-007	Ohio Water Development Authority (OWDA) Loan Agreement 4262 § 4.3 (a) for sewer debt payments exceeding operating revenue in the Sewer fund.	Yes	
2011-008	Ohio Rev. Code § 5705.39 due to appropriations exceeding estimated resources.	Yes	

Village of Florida
Henry County
Schedule of Prior Audit Findings
Page 2

2011-009	Ohio Rev. Code § 5705.41 (B) – for expenditures exceeding appropriations.	No	Not corrected and reissued as Finding 2013-006 in this report.
2011-010	Material Weakness due to unexplained adjusting factors in cash reconciliations.	Yes	
2011-011	Material Weakness due to a lack of monitoring of financial activity.	No	Partially corrected and reissued in the management letter.
2011-012	Material Weakness for variances in estimated resources to posted amounts.	Yes	
2011-013	Significant Deficiency due to insufficient utility system controls.	No	Partially corrected and reissued in the management letter.



Dave Yost • Auditor of State

VILLAGE OF FLORIDA

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 21, 2014**