



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF FLORIDA
HENRY COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or 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 cash balances, receipts and disbursements by fund type, and related notes of the Village, as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

November 13, 2020

Village of Florida
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,662	\$11,252	\$27,914
Intergovernmental	12,389	17,330	29,719
Earnings on Investments	2,708		2,708
Miscellaneous	1,269	4,177	5,446
<i>Total Cash Receipts</i>	<u>33,028</u>	<u>32,759</u>	<u>65,787</u>
Cash Disbursements			
Current:			
Security of Persons and Property	904	3,359	4,263
Public Health Services	314		314
Leisure Time Activities	2,388		2,388
Basic Utility Services	860		860
Transportation		6,059	6,059
General Government	14,400	180	14,580
<i>Total Cash Disbursements</i>	<u>18,866</u>	<u>9,598</u>	<u>28,464</u>
<i>Net Change in Fund Cash Balances</i>	14,162	23,161	37,323
<i>Fund Cash Balances, January 1</i>	<u>18,626</u>	<u>137,533</u>	<u>156,159</u>
Fund Cash Balances, December 31			
Restricted		160,694	160,694
Unassigned	32,788		32,788
<i>Fund Cash Balances, December 31</i>	<u>\$32,788</u>	<u>\$160,694</u>	<u>\$193,482</u>

See accompanying notes to the financial statements

Village of Florida
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$255,965	\$30,508	\$286,473
Operating Cash Disbursements			
Personal Services	18,342		18,342
Employee Fringe Benefits	3,573		3,573
Contractual Services	166,743	26,071	192,814
Supplies and Materials	1,295		1,295
<i>Total Operating Cash Disbursements</i>	189,953	26,071	216,024
<i>Operating Income</i>	66,012	4,437	70,449
Non-Operating Receipts (Disbursements)			
Special Assessments	13,130		13,130
Earnings on Investments	302		302
Principal Retirement	(42,206)		(42,206)
Interest and Other Fiscal Charges	(39,209)		(39,209)
<i>Total Non-Operating Receipts (Disbursements)</i>	(67,983)		(67,983)
<i>Income (Loss) before Transfers</i>	(1,971)	4,437	2,466
Transfers In	15,000		15,000
Transfers Out	(15,000)		(15,000)
<i>Net Change in Fund Cash Balances</i>	(1,971)	4,437	2,466
<i>Fund Cash Balances, January 1</i>	281,342	326	281,668
<i>Fund Cash Balances, December 31</i>	\$279,371	\$4,763	\$284,134

See accompanying notes to the financial statements

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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:

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency 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 agency fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Fund Balance

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

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

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

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

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

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

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 3 – Compliance

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the year ended December 31, 2019. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

Note 4 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$33,028	\$33,028
Special Revenue		32,759	32,759
Enterprise		284,397	284,397
Total		\$350,184	\$350,184

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$19,481	(\$19,481)
Special Revenue		9,598	(9,598)
Enterprise		287,978	(287,978)
Total		\$317,057	(\$317,057)

Note 5 – Deposits and Investments

The Village maintains a deposits 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:

	2019
Demand deposits	\$354,096
STAR Ohio	123,520
Total deposits and investments	\$477,616

Deposits

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds Series 2006	\$783,673	5.00%
Ohio Water Development Authority Loan 4262	124,188	1.50%
Ohio Water Development Authority Loan 6495	66,737	1.50%
Ohio Public Works Commission Loan CE21O	82,188	0.00%
Total	<u>\$1,056,786</u>	

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, 2018 is \$54,604.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. The loan will be repaid from the Water fund over a period of 30 years and included in amortization schedule. The loan will be paid off in 2043.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE210) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over a period of 25 years. The loan will be paid off in 2037.

Amortization

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

Year Ending December 31:	Mortgage			
	Revenue Bonds Series 2006	OWDA Loan 4262	OWDA Loan 6495	OPWC Loan CE210
2020	\$65,127	\$8,302	\$3,322	\$4,566
2021	65,217	8,303	3,322	4,566
2022	65,185	8,304	3,322	4,566
2023	65,136	8,304	3,322	4,566
2024	65,167	8,304	3,322	4,566
2025-2029	325,620	41,514	16,608	22,830
2030-2034	217,560	41,517	16,608	22,830
2035-2039	145,560	16,606	16,608	13,698
2040-2044	145,596		13,282	
2045-2046	58,236			
Total	<u>\$1,218,404</u>	<u>\$141,154</u>	<u>\$79,716</u>	<u>\$82,188</u>

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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 any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Miscellaneous Receipts

Miscellaneous receipts in the Special Revenue Fund consists of a refund of disbursements related to Emergency Medical Services.

Village of Florida
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$10,539	\$18,474	\$29,013
Intergovernmental	12,225	14,570	26,795
Earnings on Investments	2,254		2,254
Miscellaneous	100	1,356	1,456
<i>Total Cash Receipts</i>	<u>25,118</u>	<u>34,400</u>	<u>59,518</u>
Cash Disbursements			
Current:			
Security of Persons and Property	1,133	15,964	17,097
Public Health Services	270		270
Leisure Time Activities	294		294
Basic Utility Services	750		750
Transportation		6,704	6,704
General Government	19,761	189	19,950
<i>Total Cash Disbursements</i>	<u>22,208</u>	<u>22,857</u>	<u>45,065</u>
<i>Excess of Receipts Over Disbursements</i>	<u>2,910</u>	<u>11,543</u>	<u>14,453</u>
Other Financing Receipts			
Other Financing Sources	93		93
<i>Net Change in Fund Cash Balances</i>	3,003	11,543	14,546
<i>Fund Cash Balances, January 1</i>	<u>15,623</u>	<u>125,990</u>	<u>141,613</u>
Fund Cash Balances, December 31			
Restricted		137,533	137,533
Unassigned	18,626		18,626
<i>Fund Cash Balances, December 31</i>	<u>\$18,626</u>	<u>\$137,533</u>	<u>\$156,159</u>

See accompanying notes to the financial statements

Village of Florida
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$250,876	\$27,924	\$278,800
Operating Cash Disbursements			
Personal Services	19,854		19,854
Employee Fringe Benefits	4,454		4,454
Contractual Services	158,329	27,956	186,285
Supplies and Materials	959		959
<i>Total Operating Cash Disbursements</i>	<u>183,596</u>	<u>27,956</u>	<u>211,552</u>
<i>Operating Income (Loss)</i>	<u>67,280</u>	<u>(32)</u>	<u>67,248</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	16,646		16,646
Earnings on Investments	249		249
Principal Retirement	(43,693)		(43,693)
Interest and Other Fiscal Charges	(40,743)		(40,743)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(67,541)</u>		<u>(67,541)</u>
<i>Net Change in Fund Cash Balances</i>	(261)	(32)	(293)
<i>Fund Cash Balances, January 1</i>	<u>281,603</u>	<u>358</u>	<u>281,961</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$281,342</u></u>	<u><u>\$326</u></u>	<u><u>\$281,668</u></u>

See accompanying notes to the financial statements

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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:

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency 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 agency fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Fund Balance

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

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

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

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

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

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

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 – Compliance

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the year ended December 31, 2018. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$25,211	\$25,211
Special Revenue		34,400	34,400
Enterprise		267,771	267,771
Total		\$327,382	\$327,382

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$22,764	(\$22,764)
Special Revenue		22,857	(22,857)
Enterprise		269,412	(269,412)
Total		\$315,033	(\$315,033)

Note 5 – Deposits and Investments

The Village maintains a deposits 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:

	2018
Demand deposits	\$317,136
STAR Ohio	120,691
Total deposits and investments	\$437,827

Deposits

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

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds Series 2006	\$812,650	5.00%
Ohio Water Development Authority Loan 4262	130,557	1.50%
Ohio Water Development Authority Loan 6495	69,032	1.50%
Ohio Public Works Commission Loan CE21O	86,754	0.00%
Total	\$1,098,993	

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, 2018 is \$54,604.

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.

Village of Florida, Ohio
Henry County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

In 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. The loan will be repaid from the Water fund over a period of 30 years and included in amortization schedule. The loan will be paid off in 2043.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE210) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over a period of 25 years. The loan will be paid off in 2037.

Amortization

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

Year Ending December 31:	Mortgage	OWDA Loan	OWDA Loan	OPWC Loan
	Revenue Bonds Series 2006	4262	6495	CE210
2019	\$65,224	\$8,303	\$3,322	\$4,566
2020	65,127	8,302	3,322	4,566
2021	65,217	8,303	3,322	4,566
2022	65,185	8,304	3,322	4,566
2023	65,136	8,304	3,322	4,566
2024-2028	325,705	41,514	16,608	22,830
2029-2033	253,433	41,517	16,608	22,830
2034-2038	145,677	24,910	16,608	18,264
2039-2043	145,536		16,604	
2044-2046	87,388			
Total	<u>\$1,283,628</u>	<u>\$149,457</u>	<u>\$83,038</u>	<u>\$86,754</u>

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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 any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Miscellaneous Receipts

Miscellaneous receipts in the Special Revenue Fund consists of a refund of disbursements related to Emergency Medical Services.



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**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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 13, 2020 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 through 2019-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 2019-002, 2019-003 and 2019-005.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

November 13, 2020

**VILLAGE OF FLORIDA
HENRY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2019-001

Material Weakness - Financial Reporting

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

The following errors requiring adjustments to the financial statements and/or notes to the financial statements for the year ended December 31, 2019 were identified:

- Charges for services receipts of \$30,508 related to the collection and distribution of sewer fees from Okolona utility customers were improperly receipted as non-operating intergovernmental revenue in the Agency Fund;
- Homestead and Rollback monies received from the State totaling \$3,095 for the General Fund and \$2,220 for the EMS Fund was improperly receipted as property tax revenue.
- Miscellaneous receipt in the amount of \$4,177 in the EMS Fund was improperly posted as property tax revenue;
- The notes to the financial statements the Village filed with the Auditor of State for 2019 were incomplete as they were a copy of the 2018 notes with no updates for the 2019 amounts.

We also identified the following errors requiring adjustments to the financial statements for the year ended December 31, 2018:

- Charges for services receipts of \$27,924 related to the collection and distribution of sewer fees from Okolona utility customers were improperly receipted as non-operating intergovernmental revenue in the Agency Fund;
- Homestead and Rollback monies received from the State totaling \$3,014 for the General Fund and \$2,162 for the EMS Fund was improperly receipted as property tax revenue;
- Miscellaneous receipt in the amount of \$1,356 in the EMS Fund was improperly posted as property tax revenue.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Village Council to make misinformed decisions. The accompanying financial statements, notes to the financial statements, and where applicable, the Village's accounting records have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village of Florida to help identify and correct errors and omissions.

FINDING NUMBER 2019-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

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 an amended certificate is received from the county budget commission based upon the actual year end balances. This temporary appropriation measure for meeting the ordinary expenses should be passed not later than April 1.

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

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2019 or 2018. There was also no evidence that the Village Council approved an appropriation measure for 2019 and 2018; however, appropriations were recorded by the Fiscal Officer in the accounting system and in the notes to the financial statements.

These errors were due to deficiencies in the budgetary compliance and monitoring control policies and procedures. The accompanying notes were adjusted to reflect budgeted receipts and disbursements as \$0, which agrees to the legally adopted amounts. In addition, expenditures exceeded appropriations in the General, Special Revenue, and Enterprise Funds during 2019 and 2018 since annual appropriation measures were not formally approved by Council. Failure to obtain the required amended certificate of estimated resources approving an appropriation measure can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources. Also, the Village Council should formally approve annual appropriation measures in the minutes at the proper legal level of control and submit them to the County Budget Commission. Any subsequent changes to original appropriation measures should be approved by Council, submitted to the County Budget Commission, and documented in the minutes. Additionally, expenditures should be limited to established appropriation limitations.

FINDING NUMBER 2019-003

Noncompliance and Material Weakness

Ohio Rev. Code § 149.351(A) requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42. Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

**FINDING NUMBER 2019-003
(Continued)**

The Village did not maintain underlying documentation and support for:

- Invoices totaling \$2,584 in 2019 from various vendors;
- Invoices for water purchases from the City of Napoleon and Northwest Water and Sewer District for \$3,359 in September 2019 and \$1,781 in November 2019;
- Invoices totaling \$23,133 and \$18,470 for sewer services from Henry County Regional Water and Sewer District in 2019 and 2018, respectively;
- Bank statements for April and October 2018;
- Support for various receipts in 2019 totaling \$4,367;
- Support for various receipts in 2018 totaling \$2,042.

This noncompliance occurred due to deficiencies in internal controls. We were able to perform alternative audit procedures to gain the necessary audit assurances, however, failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices, purchase orders, receipts, and bank statements for all financial transactions and records be maintained in an orderly manner to support all transactions.

FINDING NUMBER 2019-004

Material Weakness – Utility Receipts

Sound accounting practices are required when designing and implementing public office system of internal controls along with management decisions and actions over utility receipts and activities. These practices include approval of utility rates, support of meter readings, and separately tracking customer utility deposits.

Due to deficiencies in internal policies and control procedures, the Village failed to maintain supporting records and the following issues were noted for charges for services receipts in the Enterprise Fund relating to utility bills:

- Utility rates increased in both 2018 and 2019 but were not officially approved and no support could be provided over the rates charged during 2019 and 2018;
- For the month of January 2019, the Village was unable to provide meter readings via the usage reports;
- Customer utility deposits were not tracked and maintained in a separate fund.

Failure to properly document, provide, or track such information allows the potential of errors being made and not caught or deterred. The Village should document the approval of all utility rate changes by the Council through approval by ordinance and noted in the minutes. In addition, the Village should also retain and keep in a secure place at the Village all relevant information to support the utility bills such as meter readings and deposit slips, as well as implement tracking of utility deposits.

FINDING NUMBER 2019-005

Noncompliance

Ohio Rev. Code § 121.22(C) provides that all meetings of any public body are public meetings open to the public at all times.

The minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section.

Due to deficiencies in monitoring compliance over council minutes, the Village could not provide minutes for six of the twelve council meeting minutes for 2018. As a result, the official actions taken by Village Council at these meetings was not documented. We were able to perform alternative audit procedures to gain the necessary audit assurances, however, failure to maintain underlying documentation and support of council minutes can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all council meeting minutes in a secure and safe place as set forth in this section of the Ohio Revised Code.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Controls report.

FINDING NUMBER 2019-006

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Due to deficiencies in internal controls over disbursements, the Village of Florida reimbursed Rory Prigge on April 16, 2018 for the purchase of an alcoholic beverage in the amount of \$5.

In accordance with the preceding facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Rory Prigge, in the amount of \$5, and in favor of the Village of Florida’s Sewer Operating Fund.

The Village should implement policies and procedures to verify that no alcohol purchases are made with public funds. Failure to do so could result in misappropriation of Village resources and findings for recovery.

**FINDING NUMBER 2019-006
(Continued)**

On July 27, 2020, Rory Prigge issued a check in the amount of \$5 to the Village of Florida. This finding for recovery is considered repaid under audit.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding was first issued in the 2006-2007 audit. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2019-001 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.
2017-002	Finding was first issued in the 2012-2013 audit. Material Weakness and noncompliance with Ohio Rev. Code § 5705.38 for failure to pass a formal appropriation measure.	Not corrected and reissued as Finding 2019-002 in this report.	This finding recurred due to inadequate policies and procedures in formally approving appropriation measures and obtaining certificate of estimated resources from the County Auditor. Village Council will begin formally approving all appropriation measures, as well as subsequent amendments, and noting the approval in the Minutes. Council will also ensure that a certificate of estimated resources is obtained from the County Auditor.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FLORIDA

HENRY 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 12/3/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov