



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF OWENSVILLE
CLERMONT COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Owensville
Clermont County
115 West Main Street
Owensville, Ohio 45160

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Owensville, Clermont County, Ohio (the Village).

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(C) 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(C), 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(C) 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, 2020 and 2019, and the respective changes in financial position 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 for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019 and the related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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
June 14, 2024

Village of Owensville
Clermont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,085	\$58,395	\$77,480
Municipal Income Tax	123,836	0	123,836
Intergovernmental	59,164	198,565	257,729
Charges for Services	325	72,243	72,568
Fines, Licenses and Permits	47,717	2,437	50,154
Earnings on Investments	180	0	180
Miscellaneous	31,706	7,380	39,086
<i>Total Cash Receipts</i>	<u>282,013</u>	<u>339,020</u>	<u>621,033</u>
Cash Disbursements			
Current:			
Security of Persons and Property	29,077	377,917	406,994
Leisure Time Activities	57,682	0	57,682
Transportation	0	38,560	38,560
General Government	97,195	7,722	104,917
Debt Service:			
Principal Retirement	0	10,619	10,619
Interest and Fiscal Charges	0	760	760
<i>Total Cash Disbursements</i>	<u>183,954</u>	<u>435,578</u>	<u>619,532</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>98,059</u>	<u>(96,558)</u>	<u>1,501</u>
Other Financing Receipts (Disbursements)			
Loans Issued	0	21,500	21,500
Sale of Capital Assets	24,005	0	24,005
Transfers In	0	85,229	85,229
Transfers Out	(85,229)	0	(85,229)
Other Financing Sources	5,622	0	5,622
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(55,602)</u>	<u>106,729</u>	<u>51,127</u>
<i>Net Change in Fund Cash Balances</i>	42,457	10,171	52,628
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>92,015</u>	<u>97,398</u>	<u>189,413</u>
<i>Fund Cash Balances, December 31</i>	<u>\$134,472</u>	<u>\$107,569</u>	<u>\$242,041</u>

See accompanying notes to the basic financial statements

Village of Owensville

Clermont County

Combined Statement of Additions, Deductions

and Changes in Fund Balances (Regulatory Cash Basis)

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>54,110</u>
<i>Total Additions</i>	<u>54,110</u>
Deductions	
Other Distributions	<u>54,110</u>
<i>Total Deductions</i>	<u>54,110</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Owensville (the Village), Clermont 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 park operations, street maintenance and police services. The Village contracts with Stonelick Township to receive fire protection services and EMS services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund 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.

Police Fund - This fund accounts for the expenditures of providing police services for the safety of the Village funded by property taxes or transfers from the General Fund.

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 413,555	\$ 311,640	\$(101,915)
Special Revenue	336,600	445,749	109,149
Total	\$ 750,155	\$ 757,389	\$ 7,234

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 270,312	\$ (270,312)
Special Revenue	-	437,588	\$ (437,588)
Total	\$ -	\$ 707,900	\$ (707,900)

Note 4 – Deposits

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

Demand deposits \$242,041

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$3,655 in unremitted employee payroll withholdings.

Deposits

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

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

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

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

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, 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, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages in 2020. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

follows:

Fund Balances	General	Revenue	Total
Nonspendable - Unclaimed Monies	\$ 5,622		\$ 5,622
Outstanding Encumbrances	\$ 1,129	\$ 2,010	\$ 3,139
<i>Total</i>	\$ 6,751	\$ 2,010	\$ 8,761

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

Note 11 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

The was no effect to beginning balances.

Note 12 – COVID-19

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

Note 13 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
USDA Bonds Series 2019	\$18,700	3%

VILLAGE OF OWENSVILLE
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

The United States Department of Agriculture (USDA) Bonds Series 2019 is issued for the purpose of acquiring a police vehicle and equipment related thereto under authority of, pursuant to and in full compliance with the general laws of the State of Ohio, particularly Section 133 of the Ohio Revised Code, and pursuant to an Ordinance duly adopted by the Village Council on December 2, 2019.

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

Year Ending December 31:	USDA Bonds Series 2019
2021	\$5,061
2022	5,026
2023	4,988
2024	<u>5,047</u>
Total	<u>\$20,122</u>

Note 14 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$270,312 and in Special Revenue funds by \$437,588 for the year ended December 31, 2020.

Note 15 – Prior Period Adjustment

Due to adjustments made during 2020 to the accounting system from prior year Agreed Upon Procedure engagements, differences were noted in opening balances for 2020 as follows:

	1/1/2020 Balance	Prior Period Adjustment	Restated 1/1/2020 Balance
General Fund	\$ 93,731	\$ (1,716)	\$ 92,015
Street Construction Maintenance & Repair Fund	\$ 54,243	\$ 2,052	\$ 56,295
State Highway Fund	\$ (9,082)	\$ (1,501)	\$ (10,583)
Drug Law Enforcement	\$ 3,891	\$ -	\$ 3,891
Permissive Motor Vehicle License Tax Fund	\$ 13,773	\$ 1,165	\$ 14,938
Police Levy Fund	\$ 11,148	\$ -	\$ 11,148
Enforcement & Education	\$ 108	\$ -	\$ 108
Court Computer Fund	\$ 14,607	\$ -	\$ 14,607
Training Fund	\$ 6,993	\$ -	\$ 6,993
Total Special Revenue Funds	<u>\$ 95,681</u>	<u>\$ 1,716</u>	<u>\$ 97,397</u>

Village of Owensville
Clermont 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property and Other Local Taxes	\$18,986	\$56,807	\$75,793
Municipal Income Tax	138,872	0	138,872
Intergovernmental	106,363	36,903	143,266
Charges for Services	526	15,114	15,640
Fines, Licenses and Permits	53,741	7,394	61,135
Earnings on Investments	272	0	272
Miscellaneous	11,215	0	11,215
<i>Total Cash Receipts</i>	<u>329,975</u>	<u>116,218</u>	<u>446,193</u>
Cash Disbursements			
Current:			
Security of Persons and Property	26,049	170,941	196,990
Leisure Time Activities	80,645	0	80,645
Transportation	0	13,248	13,248
General Government	114,494	375	114,869
Debt Service:			
Principal Retirement	0	6,148	6,148
Interest and Fiscal Charges	0	347	347
<i>Total Cash Disbursements</i>	<u>221,188</u>	<u>191,059</u>	<u>412,247</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>108,787</u>	<u>(74,841)</u>	<u>33,946</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	116,645	116,645
Transfers Out	(116,645)	0	(116,645)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(116,645)</u>	<u>116,645</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,858)</u>	<u>41,804</u>	<u>33,946</u>
<i>Fund Cash Balances, January 1</i>	<u>101,589</u>	<u>53,878</u>	<u>155,467</u>
Fund Cash Balances, December 31			
Nonspendable	0	0	0
Restricted	0	95,682	95,682
Committed	0	0	0
Assigned	820	0	820
Unassigned (Deficit)	92,911	0	92,911
<i>Fund Cash Balances, December 31</i>	<u>\$93,731</u>	<u>\$95,682</u>	<u>\$189,413</u>

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

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Non-Operating Receipts	
Other Financing Sources	<u>58,740</u>
<i>Total Non-Operating Receipts</i>	<u>58,740</u>
Non-Operating Disbursements	
Other Financing Uses	<u>59,624</u>
<i>Total Non-Operating Disbursements</i>	<u>59,624</u>
<i>Net Change in Fund Cash Balances</i>	(884)
<i>Fund Cash Balances, January 1</i>	<u>884</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>
<i>See accompanying notes to the basic financial statements</i>	

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Owensville (the Village), Clermont 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 park operations, street maintenance and police services. The Village contracts with Stonelick Township to receive fire protection services and EMS services.

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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 fiduciary fund types which are organized on a fund type basis.

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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:

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

Street Construction Maintenance and Repair Fund 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.

Police Fund - This fund accounts for the expenditures of providing police services for the safety of the Village funded by property taxes or transfers from the General Fund.

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

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 hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Village Mayor's Court.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain 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 3.

Deposits and Investments

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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 OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – 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	\$ 334,800	\$ 329,975	\$ (4,825)
Special Revenue	235,150	232,863	(2,287)
Total	\$ 569,950	\$ 562,838	\$ (7,112)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 338,653	\$ (338,653)
Special Revenue	-	193,277	\$ (193,277)
Total	\$ -	\$ 531,930	\$ (531,930)

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was follows:

Demand deposits \$189,413

Deposits

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

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

Cash and investments	\$38,432,610
Actuarial liabilities	14,705,917

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

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

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

VILLAGE OF OWENSVILLE
Clermont County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
2015 Lease/Purchase Police Cruiser	\$6,148	2.75%

On October 13, 2015, the Village entered into a lease/purchase agreement with US Bank for the purchase of a police cruiser. At the end of the lease, the cruiser remains the property of the Village. The Village makes yearly payments with the last payment occurring in fiscal year 2020.

Amortization

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

Year Ending	US Bank
<u>December 31:</u>	<u>Lease/Purchase</u>
2020	\$6,319

Note 11 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$338,653 and in Special Revenue funds by \$193,277 for the year ended December 31, 2019.

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OHIO AUDITOR OF STATE KEITH FABER



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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 Owensville
Clermont County
115 West Main Street
Owensville, Ohio 45160

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 for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Owensville, Clermont County, (the Village) , and have issued our report thereon dated June 14, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) 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) as a basis for designing 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.

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 2020-001 and 2020-004 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 financial statement. 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 2020-001 through 2020-003.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
June 14, 2024

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.38(A) provides, in part, that 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 balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no 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.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village did not pass permanent nor temporary appropriation measures for 2019 and 2020. Because there was no appropriation measure in effect, all funds had expenditures in excess of appropriations as of December 31, 2019 and 2020. The amounts by which expenditures were in excess of appropriations by fund type is as follows:

Fund Type	2019	2020
General Fund	\$338,653	\$270,312
Special Revenue Funds	193,277	437,588
Total All Funds	\$531,930	\$707,900

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

The Village should approve and file appropriate budgetary documentation with the County Auditor and Budget Commission as required by Ohio Law. The Village Council should also closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

At each Council Meeting, Council reviews and approves the UAN Schedule of Appropriations. Council reviews and monitors its financial status, appropriations levels, and respective fund levels on a monthly basis and reapproves those levels each month.

FINDING NUMBER 2020-002

Noncompliance

Pursuant to HB No. 481, 133rd G.A., Section 27(D), as amended by HB No. 614, 133rd G.A., the legislative authority of a county, township, or municipal corporation must adopt a resolution or ordinance affirming that the funds so received may be expended only to cover costs of the subdivision consistent with the requirements of section 5001 of the "Coronavirus Aid, Relief, and Economic Security Act," as described in 42 U.S.C. 801(d), and any applicable regulations.

42 U.S.C. § 801(d) states that a unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the unit of local government that: (1) are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the governments most recently approved budget as of March 27, 2020; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

Seven out of 14 (50%) of the expenditures tested, totaling \$61,567, were not in accordance with the use of funds requirements in 42 U.S.C. § 801(d).

- A tractor, loader, broom and lights totaling \$41,834
- An Exmark Y-Zero Turn Tractor attachment totaling \$5,999
- Unremitted Ohio tax withholdings from 2000 and penalties totaling \$2,387
- Annual law enforcement manuals, procedures, and bulletins totaling \$2,281
- Engineering Services for US 50/SR 132 Intersection totaling \$7,010
- An LED crosswalk sign with solar flashing totaling \$1,041
- A laser speed gun totaling \$1,015

The Village should ensure that funds are only used to cover costs that meet the three prong requirements noted above.

This matter will be referred to the Treasury and Ohio Office of Budget and Management.

Officials' Response:

Council feels all the expenditures it made from the Corona Relief Fund was in the best interests of the Citizens of the Village of Owensville, were not included in the Village Budget prior to the pandemic, and was incurred during the window of eligibility. The Federal and State Government sent out numerous revisions to the items that Relief Funds could be spent on. Council feels its expenditures are proper.

AOS Conclusion:

The Auditor of State believes that the costs listed above were not incurred in regards to the public health emergency in respect to the Coronavirus pandemic and should not have been paid from the Coronavirus Relief Fund.

FINDING NUMBER 2020-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. Furthermore, all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. "Internal control" includes a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, and should consist of monitoring, which is a process that assesses the quality of internal control performance over time.

Due to deficiencies in the Village's internal control policies and procedures, the Village improperly posted all police levy receipts totaling \$45,586 and \$45,055 in 2020 and 2019 respectively to General Fund Property Taxes. The Village then made monthly transfers from the General Fund to the Police Fund. Transfers from the General Fund to the Police Fund far exceeded the Police fund tax revenue posted to the General Fund, however General fund Property Taxes and Transfers Out were overstated and Police fund Property Taxes were understated and Transfers In were overstated. (See Finding Number 2020-004) Audit adjustments are reflected in the financial statements correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

Council has made a pledge to support the Police Department up to 60% of the total Operational Funds of the Village. The easiest way for Council to monitor this support, is to place all tax revenue in the General Fund and then make operational transfers to the Police Department on an as needed basis. All revenues from the public approved Tax Levies are expended first and then supplemented by additional General Fund Revenue Sources, i.e. the Village Income Tax.

FINDING NUMBER 2020-004

Material Weakness

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 were identified in the accompanying financial statements and notes to the financial statements for the years ended December 31, 2019 and 2020:

- Income tax receipts in the General fund were posted net of fees resulting in Income Tax revenue and General Government expenses being understated in the amount of \$6,404 and \$4,214 in 2019 and 2020 respectively.
- Police levy receipts were posted to the General fund instead of the Police fund resulting in General fund Property Taxes being overstated and Police fund Property Taxes being understated in the amount of \$45,055 and \$45,586 in 2019 and 2020 respectively. The Village transferred funds from the General fund to the Police fund during 2019 and 2020 in excess of the amount of property tax receipts. Transfers Out of the General fund and Transfers into the Police fund will be adjusted/reclassified in the amount of the property tax receipts.

FINDING NUMBER 2020-004
(Continued)

- Homestead and Rollback receipts were posted to the General fund instead of the Police fund resulting in General fund Intergovernmental receipts being overstated and Police fund Intergovernmental receipts being understated in the amount of \$4,154 and \$4,108 in 2019 and 2020 respectively.
- Property Tax revenue was posted at net instead of gross totaling \$2,205 and \$700 in 2019 in the General fund and Police fund, respectively; and \$2,192 and \$700 in 2020 in the General fund and Police fund respectively thus understating property tax revenues and the related expenditures of General Government and Security of Persons and Property.
- Principal and Interest expenses were understated by \$6,148 and \$347, respectively and Security of Persons & Property was overstated during 2019 by \$6,495 in the Police fund.
- Principal and Interest expenses were understated by \$10,619 and \$760, respectively and Security of Persons & Property was overstated during 2020 by \$11,379 in the Police fund.
- One USDA grant receipt in 2020 totaling \$5,000 was posted to Intergovernmental Revenue in the General fund but should have been posted to the Police fund.
- Two receipts in 2020 in the amounts of \$420 and \$7,152 in the General fund were posted to Miscellaneous Receipts and Fines, Licenses and Permits respectively and should have been posted to Intergovernmental revenue.
- Three receipts in 2020 totaling \$743 were posted to Miscellaneous Receipts in the General fund and should have been posted to Charges for Services in the Police fund.
- One receipt in 2020 in the amount of \$21,500 was posted in the Police fund to Charges for Services and should have been Proceeds from USDA Loan.
- Two receipts in 2020 totaling \$20,812 were posted to the Police fund to Charges for Services and should have been posted to Intergovernmental revenue.
- In 2020, Mayor's Court custodial fund beginning fund balance was overstated by \$884, Additions: Fines, Licenses and Permits for Distribution were overstated by \$4,630 and Deductions: Other Distributions were overstated by \$5,514.

The financial statements and accounting records have been adjusted for these errors, where applicable.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner. We recommend due care be exercised when posting entries to the financial records and in financial statement preparation to prevent errors and to assist in properly reflecting the Village's financial activity. In addition, we recommend that Village Council adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**FINDING NUMBER 2020-004
(Continued)**

Officials' Response:

The Village Fiscal Officer will review the incorrect postings and try to make corrections as noted by the Audit. Since this audit is now four (4) years old, Council expects many of these items to reappear in the next Audit, FY 21 and FY22, and until the Auditor of State catches up on its audit cycle.

OTHER – FINDING FOR RECOVERY

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

FINDING NUMBER 2020-005

Finding for Recovery – Partially Repaid Under Audit

Illegal Expenditure

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit are to 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. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 *Expenditure of Public Funds/Proper Public Purpose* states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village paid penalties on unremitted Ohio income tax withholdings from 2000 and for late filing of year end Ohio income tax and school district tax reports from 2008 and 2017 totaling \$894.

This repeated failure to pay these income tax withholdings timely is considered gross negligence. The penalties paid by the Village serve no proper public purpose and could have been avoided had the income tax withholdings been filed in a timely manner.

In accordance with the forgoing facts and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Brian Switzer, Fiscal Officer, and his bonding company Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$117 dollars, and hereby issued against the estate of Marlene Bauer, former Fiscal Officer, and her bonding company Western Surety Company, jointly and severally, in the amount of \$777, in favor of the Village of Owensville’s Coronavirus Relief Fund.

Fiscal Officer Brian Switzer remitted \$117 to the Village on June 20, 2024.

Officials' Response:

The Village Fiscal Officer will repay the \$117 Finding for Recovery leveled against him. Copies of check and deposit slip will be forwarded to the State Auditor's Office. Council cannot speak for the Estate of the prior Fiscal Officer.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OWENSVILLE

CLERMONT 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 7/9/2024

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

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