



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF MANCHESTER
ADAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Manchester
Adams County
400 Pike Street
Manchester, Ohio 45144

To the Village of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Manchester, Adams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 14 for year ended December 31, 2021 to the financial statements, the financial statements were restated as of January 1, 2021 for the correction of prior audit findings. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

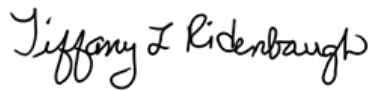
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 4, 2025

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

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$23,764	\$171,497	\$0	\$19,159	\$214,420
Municipal Income Tax	200,677	0	0	0	200,677
Intergovernmental	41,225	257,875	0	1,096	300,196
Charges for Services	9,322	293,555	0	0	302,877
Fines, Licenses and Permits	10,388	0	0	0	10,388
Earnings on Investments	1,002	184	0	0	1,186
Miscellaneous	3,123	5,427	0	0	8,550
<i>Total Cash Receipts</i>	<u>289,501</u>	<u>728,538</u>	<u>0</u>	<u>20,255</u>	<u>1,038,294</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,585	473,893	0	697	479,175
Public Health Services	914	0	0	0	914
Leisure Time Activities	0	30,042	0	0	30,042
Community Environment	6,694	0	0	0	6,694
Basic Utility Services	0	8,472	0	0	8,472
Transportation	0	149,550	0	0	149,550
General Government	141,328	2,292	0	0	143,620
Capital Outlay	0	739	0	0	739
Debt Service:					
Principal Retirement	9,620	14,923	0	0	24,543
Interest and Fiscal Charges	1,653	2,367	0	0	4,020
<i>Total Cash Disbursements</i>	<u>164,794</u>	<u>682,278</u>	<u>0</u>	<u>697</u>	<u>847,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>124,707</u>	<u>46,260</u>	<u>0</u>	<u>19,558</u>	<u>190,525</u>
Other Financing Receipts (Disbursements)					
Transfers In	10,239	37,817	0	0	48,056
Transfers Out	0	(58,297)	0	0	(58,297)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,239</u>	<u>(20,480)</u>	<u>0</u>	<u>0</u>	<u>(10,241)</u>
Special Item	0	2,219	0	0	2,219
<i>Net Change in Fund Cash Balances</i>	<u>134,946</u>	<u>27,999</u>	<u>0</u>	<u>19,558</u>	<u>182,503</u>
<i>Fund Cash Balances, January 1</i>	<u>290,512</u>	<u>543,208</u>	<u>4,052</u>	<u>25,699</u>	<u>863,471</u>
<i>Fund Cash Balances, December 31</i>	<u>\$425,458</u>	<u>\$571,207</u>	<u>\$4,052</u>	<u>\$45,257</u>	<u>\$1,045,974</u>

See accompanying notes to the basic financial statements

Village of Manchester Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$854,009
Miscellaneous	715
<i>Total Operating Cash Receipts</i>	<u>854,724</u>
Operating Cash Disbursements	
Personal Services	194,254
Employee Fringe Benefits	39,419
Contractual Services	150,356
Supplies and Materials	125,876
Other	5,950
<i>Total Operating Cash Disbursements</i>	<u>515,855</u>
<i>Operating Income (Loss)</i>	<u>338,869</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	1,540,940
Loans Issued	979,613
Capital Outlay	(1,550,805)
Principal Retirement	(1,071,643)
Interest and Other Fiscal Charges	(56,361)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(158,256)</u>
<i>Income (Loss) before Transfers</i>	180,613
Transfers In	187,429
Transfers Out	(177,189)
<i>Net Change in Fund Cash Balances</i>	190,853
<i>Fund Cash Balances, January 1</i>	<u>788,405</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$979,258</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Manchester (the Village), Adams 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 Mayor is elected to a four-year term, serves as the President of Council, and votes only to break a tie. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, and EMS and fire services. The Village contracts with the Adams County Sheriff's Department for police protection in the Village.

Public Entity Risk Pools

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Note 7 of the basic financial statements.

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 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:

American Rescue Plan Fund The American Rescue Plan fund accounts for and reports restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency.

EMS Fund The EMS Levy fund accounts for and reports restricted levy monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Debt Service Funds This fund is to account for and report financial resources restricted or the payment of debt obligations.

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

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

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

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

Storm Water Infrastructure Fund The storm water infrastructure fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

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 be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department 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.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,900	\$299,740	\$48,840
Special Revenue	687,900	768,575	80,675
Capital Projects	20,450	20,255	(195)
Enterprise	4,773,230	3,562,706	(1,210,524)
Total	<u>\$5,732,480</u>	<u>\$4,651,276</u>	<u>(\$1,081,204)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$259,736	\$167,001	\$92,735
Special Revenue	966,566	782,091	184,475
Capital Projects	20,000	697	19,303
Enterprise	4,282,578	3,388,345	894,233
Total	<u>\$5,528,880</u>	<u>\$4,338,134</u>	<u>\$1,190,746</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account which includes a clearing account that is not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$1,940,748
Certificates of deposit	<u>84,484</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>2,025,232</u></u>
 <i>Segregated Accounts - Not held in the Pool:</i>	
Utility Account	<u>52,485</u>
Total Outside Accounts	<u><u>52,485</u></u>
 Total Deposits and Investments	<u><u>\$2,077,717</u></u>

The Village has a utility clearing account that is held outside of the deposit pool where customer utility receipts are deposited then paid into the Village.

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and 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.

At December 31, 2022, \$608,768 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Taxes

Property Taxes

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

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

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

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Income Taxes

The Village levies a municipal income tax of 1.0 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 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$26,767 advanced to the Park and Recreation fund for the splash pad project.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

One Village Council member contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

	<u>Principal</u>	<u>Interest Rate</u>
2004 Water USDA Mortgage Revenue Bonds	\$ 393,124	4.38%
1998 Sanitary Sewer Mortgage Revenue Bonds, Serie	569,000	4.50%
2004 OWDA Water Treatment and Wellfield Improve	471,063	1.50%
2010 OWDA Storm Sewer Replacement Loan	80,865	1.50%
2011 OWDA Storm Sewer Construction Loan	130,459	1.50%
2013 OWDA Phase 2 Storm Sewer Improvement Loa	56,720	1.50%
2017 OWDA Sewer Collection System Rehabilitation	616,921	0.00%
2021 OWDA Waterline Replacement	151,213	0.00%
2015 Ambulance Acquisition Loan	48,211	3.75%
2020 Community Building Loan	31,100	3.75%
Total	<u>\$ 2,548,676</u>	

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village's water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village's sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village's water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water Operating Fund.

In 2013, the Village issued a \$75,996 OWDA Phase 2 Storm Sewer Improvement Loan for improvements on the storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

In 2017, the Village continued the OWDA Sewer Collection System Rehabilitation Loan. The loan will be repaid in semi-annual installments over 20 years from the Sewer Operating Fund.

In 2018, the Village continued the OWDA Sewer Collection System Rehabilitation Loan, Phase II. This loan closed in 2021 and the credit was applied to the 2017 OWDA Sewer Collection System Rehabilitation Loan.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

In 2021, the Village continued the OWDA Waterline Replacement and issued \$151,213. The loan will be repaid in semi-annual installments over 5 years from the Water Operating Fund. The future debt service requirement for this loan is not presented in 2021 because the final schedule had not been provided to the Village as of end of year.

The 2015 Ambulance Acquisition Loan was issued for \$142,000. The loan was obtained to purchase an ambulance. The loan will be repaid over 10 years from charges for services in the EMS special revenue fund.

The 2020 Community Building Loan was issued for \$50,000. The loan was obtained to repair the Community Building's roof. The loan will be repaid over 5 years from the General fund.

Leases

The Village leases EMS equipment under noncancelable leases. The Village disbursed \$12,708 to pay lease costs for the year ended December 31, 2022.

Amortization

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

	<i>Business-Type</i>		<i>Governmental-Type</i>	
Year Ending	USDA		Ambulance	
December 31:	Mortgage		Acquisition	Community
	Revenue Bonds	OWDA Loans	Loans	Building Loan
2023	38,389	85,104	15,482	9,990
2024	40,069	85,786	16,063	10,360
2025	41,871	86,478	16,666	10,750
2026	43,694	87,231		
2027	45,742	87,895		
2028-2032	260,980	450,555		
2033-2037	324,515	389,413		
2038-2042	113,984	80,442		
2043-2047	52,880	3,124		
Total	<u>\$962,124</u>	<u>\$1,356,028</u>	<u>\$48,211</u>	<u>\$31,100</u>

Note 11 – Contingent Liabilities

Litigation

The Village is plaintiff in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Federal and State Grants

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 12– Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$16,287	\$0	\$0	16,287
Outstanding Encumbrances	<u>2,207</u>	<u>41,516</u>	<u>16,492</u>	<u>60,215</u>
<i>Total</i>	<u><u>\$18,494</u></u>	<u><u>\$41,516</u></u>	<u><u>\$16,492</u></u>	<u><u>\$76,502</u></u>

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. 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 funding, either federal or state, cannot be estimated.

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

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$24,240	\$175,475	\$0	\$19,492	\$219,207
Municipal Income Tax	192,619	0	0	0	192,619
Intergovernmental	42,691	426,896	0	1,149	470,736
Charges for Services	7,404	217,506	0	0	224,910
Fines, Licenses and Permits	11,379	0	0	0	11,379
Earnings on Investments	773	69	0	0	842
Miscellaneous	2,193	6,012	0	0	8,205
<i>Total Cash Receipts</i>	<u>281,299</u>	<u>825,958</u>	<u>0</u>	<u>20,641</u>	<u>1,127,898</u>
Cash Disbursements					
Current:					
Security of Persons and Property	492	418,933	0	6,441	425,866
Public Health Services	1,175	0	0	0	1,175
Leisure Time Activities	0	108,174	0	0	108,174
Basic Utility Services	0	10,239	0	0	10,239
Transportation	0	159,536	0	0	159,536
General Government	126,638	328,352	0	0	454,990
Capital Outlay	40,449	0	0	0	40,449
Debt Service:					
Principal Retirement	9,280	14,383	0	0	23,663
Interest and Fiscal Charges	2,188	2,932	0	0	5,120
<i>Total Cash Disbursements</i>	<u>180,222</u>	<u>1,042,549</u>	<u>0</u>	<u>6,441</u>	<u>1,229,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>101,077</u>	<u>(216,591)</u>	<u>0</u>	<u>14,200</u>	<u>(101,314)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	58,450	0	0	58,450
Transfers Out	(58,450)	0	0	0	(58,450)
Advances In	56,750	83,517	0	0	140,267
Advances Out	(83,517)	(56,750)	0	0	(140,267)
Other Financing Sources	4,168	0	0	0	4,168
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(81,049)</u>	<u>85,217</u>	<u>0</u>	<u>0</u>	<u>4,168</u>
<i>Net Change in Fund Cash Balances</i>	<u>20,028</u>	<u>(131,374)</u>	<u>0</u>	<u>14,200</u>	<u>(97,146)</u>
<i>Fund Cash Balances, January 1, As restated</i>	<u>270,484</u>	<u>674,582</u>	<u>4,052</u>	<u>11,499</u>	<u>960,617</u>
<i>Fund Cash Balances, December 31</i>	<u>\$290,512</u>	<u>\$543,208</u>	<u>\$4,052</u>	<u>\$25,699</u>	<u>\$863,471</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$845,196
Miscellaneous	2,279
<i>Total Operating Cash Receipts</i>	847,475
Operating Cash Disbursements	
Personal Services	177,052
Employee Fringe Benefits	41,155
Contractual Services	152,004
Supplies and Materials	119,830
<i>Total Operating Cash Disbursements</i>	490,041
<i>Operating Income (Loss)</i>	357,434
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	1,451,039
Special Assessments	530
Loans Issued	1,570,665
Capital Outlay	(1,431,992)
Principal Retirement	(1,676,314)
Interest and Other Fiscal Charges	(58,261)
<i>Total Non-Operating Receipts (Disbursements)</i>	(144,333)
<i>Income (Loss) before Transfers</i>	213,101
Transfers In	172,384
Transfers Out	(172,384)
<i>Net Change in Fund Cash Balances</i>	213,101
<i>Fund Cash Balances, January 1</i>	575,304
<i>Fund Cash Balances, December 31</i>	\$788,405

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Manchester (the Village), Adams 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 Mayor is elected to a four-year term, serves as the President of Council, and votes only to break a tie. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, and EMS and fire services. The Village contracts with the Adams County Sheriff's Department for police protection in the Village.

Public Entity Risk Pool

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Note 7 of the basic financial statements.

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 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:

Coronavirus Relief Fund The Coronavirus Relief Fund accounts for and reports restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

EMS Fund The EMS Levy Fund accounts for and reports restricted levy monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Debt Service Funds This fund is to account for and report financial resources restricted or the payment of debt obligations.

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

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

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

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

Storm Water Infrastructure Fund The storm water infrastructure fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

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 be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department 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.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,844	\$285,467	\$48,623
Special Revenue	887,692	884,408	(3,284)
Capital Projects	21,150	20,641	(509)
Enterprise	4,214,464	4,042,093	(172,371)
Total	<u>\$5,360,150</u>	<u>\$5,232,609</u>	<u>(\$127,541)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$391,714	\$241,699	\$150,015
Special Revenue	1,248,220	1,046,299	201,921
Capital Projects	20,000	6,441	13,559
Enterprise	4,261,991	3,890,962	371,029
Total	<u>\$5,921,925</u>	<u>\$5,185,401</u>	<u>\$736,524</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account which includes a clearing account that is not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$1,567,392
Certificates of deposit	<u>84,484</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>1,651,876</u></u>
 <i>Segregated Accounts - Not held in the Pool:</i>	
Utility Account	<u>11,702</u>
Total Outside Accounts	<u><u>11,702</u></u>
 Total Deposits and Investments	<u><u>\$1,663,578</u></u>

The Village has a utility clearing account that is held outside of the deposit pool where customer utility receipts are deposited then paid into the Village.

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and 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.

At December 31, 2021, \$259,905 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Taxes

Property Taxes

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

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

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

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Income Taxes

The Village levies a municipal income tax of 1.0 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 – Interfund Balances

Outstanding advances at December 31, 2021, consisted of \$26,767 advanced to the Park and Recreation fund for the splash pad project.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

- General liability and casualty;
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicle
- Property
- Equipment Breakdown

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

	2021
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

One Village council member contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>Principal</u>	<u>Interest Rate</u>
2004 Water USDA Mortgage Revenue Bonds	\$ 403,652	4.38%
1998 Sanitary Sewer Mortgage Revenue Bonds, Series A	595,200	4.50%
2004 OWDA Water Treatment and Wellfield Improvement	503,389	1.50%
2010 OWDA Storm Sewer Replacement Loan	84,751	1.50%
2011 OWDA Storm Sewer Construction Loan	136,352	1.50%
2013 OWDA Phase 2 Storm Sewer Improvement Loan	59,003	1.50%
2017 OWDA Sewer Collection System Rehabilitation Loan	656,723	0.00%
2021 OWDA Waterline Replacement	106,513	0.00%
2015 Ambulance Acquisition Loan	63,134	3.75%
2020 Community Building Loan	40,720	3.75%
Total	<u>\$ 2,649,437</u>	

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village's water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village's sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village's water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water Operating Fund.

In 2013, the Village issued a \$75,996 OWDA Phase 2 Storm Sewer Improvement Loan for improvements on the storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

In 2017, the Village continued the OWDA Sewer Collection System Rehabilitation Loan. The loan will be repaid in semi-annual installments over 20 years from the Sewer Operating Fund.

In 2018, the Village continued the OWDA Sewer Collection System Rehabilitation Loan, Phase II. This loan closed in 2021 and the credit was applied to the 2017 OWDA Sewer Collection System Rehabilitation Loan.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

In 2021, the Village continued the OWDA Waterline Replacement and issued \$106,513. The loan will be repaid in semi-annual installments over 5 years from the Water Operating Fund. The future debt service requirement for this loan is not presented in 2021 because the final schedule had not been provided to the Village as of end of year.

The 2015 Ambulance Acquisition Loan was issued for \$142,000. The loan was obtained to purchase an ambulance. The loan will be repaid over 10 years from charges for services in the EMS special revenue fund.

The 2020 Community Building Loan was issued for \$50,000. The loan was obtained to repair the Community Building's roof. The loan will be repaid over 5 years from the General fund.

Leases

The Village leases EMS equipment under noncancelable leases. The Village disbursed \$4,302 to pay lease costs for the year ended December 31, 2021.

Amortization

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

	<i>Business-Type</i>		<i>Governmental-Type</i>	
Year Ending December 31:	USDA Mortgage Revenue Bonds	OWDA Loans	Ambulance Acquisition Loans	Community Building Loan
2022	\$ 36,728	\$ 84,432	\$ 14,923	\$ 9,620
2023	38,389	85,104	15,482	9,990
2024	40,069	85,786	16,063	10,360
2025	41,871	86,478	16,666	10,750
2026	43,694	87,231	0	0
2027-2031	249,868	446,824	0	0
2032-2036	310,658	425,902	0	0
2037-2041	159,905	132,260	0	0
2042-2044	77,670	6,201	0	0
Total	<u>\$ 998,852</u>	<u>\$ 1,440,218</u>	<u>\$ 63,134</u>	<u>\$ 40,720</u>

Note 11 – Contingent Liabilities

Litigation

The Village is plaintiff in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Federal and State Grants

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 12 – 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. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$16,287	\$0	\$0	16,287
Outstanding Encumbrances	3,027	3,750	61,970	68,747
<i>Total</i>	<u>\$19,314</u>	<u>\$3,750</u>	<u>\$61,970</u>	<u>\$85,034</u>

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. 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 14 – Restatement of Fund Cash Balance

The Village increased/decreased their beginning fund cash position at January 1, 2021 in the General fund

Village of Manchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

and Police Levy special revenue fund due to \$6,888 in unrecorded adjustments from prior years. The effect of the adjustment on beginning fund cash balance is reflected in the chart below.

	12/31/2020 As Previously Reported	Error Correction Correction 1	1/1/2021 As Restated
Governmental Funds			
General Fund	\$277,372	(\$6,888)	\$270,484
Special Revenue Funds	667,694	6,888	674,582
Debt Service Funds	4,052	-	4,052
Capital Projects Funds	11,499	-	11,499
Permanent Funds	-	-	-
Total Governmental Funds	\$960,617	\$0	\$960,617

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800-282-0370

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

Village of Manchester
Adams County
400 Pike Street
Manchester, Ohio 45144

To the Village of Manchester:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Manchester, Adams County, Ohio (the Village) and have issued our report thereon dated August 4, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial statements were restated as of January 1, 2021 for the correction of prior audit findings.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 through 2022-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2022-006 and 2022-007 to be significant deficiencies.


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-002 and 2022-008.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 4, 2025

**VILLAGE OF MANCHESTER
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness – EMS Billing

Accurate and timely accounting and reconciliation procedures are key components of an effective accounting system and internal controls required to enable the Village to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

The Village used Medical Claims Assistance (MCA) during the audit period as a third-party administrator for Emergency Medical Service (EMS) billing purposes. Each squad enters their EMS runs into the Run Reporting System and the files are then uploaded to MCA.

Due to deficiencies in the Village's monitoring and review process, the following conditions were noted:

- A reconciliation of the EMS receipts received from MCA was not performed. The Village did not receive a report of collections from the third-party administrator. EMS receipts were directly deposited into the Village's bank account or mailed to the Village without any information to identify the billed party.
- A reconciliation of run reports prepared by the EMS personnel to the billing reports from MCA was not performed to ensure that the proper rate was being charged. Additionally, the rates charged were not approved by Council.
- The Village did not maintain sufficient documentation for determining when receipts were received, resulting in an inability to determine if receipts were being timely deposited.

Without complete and timely reconciliation of service organization provided information to the information entered and processed for billing; unbilled services, and undetected billing errors could occur. To reduce the risk of undetected errors, the following procedures are recommended:

- The Village should verify that all runs have been completely and accurately entered into the software system and have been processed for billing by reconciling the run reports to the monthly EMS Run Activity Report from the third-party billing service.
- The Village should reconcile MCA reports to Village run records and notify the third-party billing service of any errors, omissions, or discrepancies in a timely manner.
- The Village should establish controls to ensure that all receipt information is maintain in a manner that would provide all information.
- The Village Council should review and approve the EMS rates to be charged by Medical Claims Assistance.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-002

Material Weakness/Noncompliance – Independent Contractor vs. Employee

IRS Publication 15-A states generally an employer must withhold and pay federal income tax, social security and Medicare taxes, and pay unemployment taxes on wages paid to an employee. This is generally not the case with an independent contractor. However, to determine whether an individual is an employee or an independent contractor, under common law, the relationship of the worker and the business must be examined. Facts that provide the evidence of the degree of control and degree of independence must be considered.

The Village has employees that are being compensated as if they were independent contractors for various duties. The Village has contracts to fill the position of volunteer firefighter. The personnel hired for this position are being paid as an independent contractor. Although the contract may demonstrate the intention of the parties, it alone does not define the type of business relationship. The Village has not performed an evaluation to determine if this individual should be treated as an employee or an independent contractor.

Payment of an individual as an independent contractor; instead of as an employee results in benefits not being paid or offered and taxes not being withheld from wages. If an entity is classified as an employee rather than as an independent contractor and has no reasonable basis for doing so, they can be liable for employment taxes for that worker.

The Village should review the guidance noted in IRS Publication 15-A before declaring any worker as an employee or independent contractor upon soliciting their services. In the event that such worker is considered an independent contractor, the Village should have evidence to support the determination in line with the criteria as defined in the IRS Publication 15-A.

This matter will be referred to the Internal Revenue Service, Ohio Department of Taxation, Bureau of Workers' Compensation and Ohio Office of Unemployment Compensation.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

Material Weakness – Budgetary Recorded in the Accounting System

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.

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

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

FINDING NUMBER 2022-003
(Continued)

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

The following conditions relating to the Village's Estimated Receipts for fiscal year 2022 were noted:

	Estimated Receipts per Accounting System	Approved Estimated Receipts	Variance
General Fund	\$ 261,139	\$ 250,900	\$(10,239)
Special Revenue Funds	816,182	687,900	(128,282)
Enterprise Funds	4,878,539	4,773,230	(105,309)

The following condition relating to the Village's Appropriations for fiscal year 2022 was noted:

	Appropriations per Accounting System	Approved Amended Appropriations	Variance	
Special Revenue Funds	\$ 1,010,183	\$ 966,566	\$(43,617)	

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

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

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

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-004

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.

Due to deficiencies in the Village's financial statement monitoring and review process, the following conditions were noted in relation to the Village's 2022 accounting system:

General Fund:

- General government expenditures were understated and cash fund balance was overstated in the amount of \$8,471 due to correction of unallowable expenditures in the Infrastructure Levy fund.
- Property tax receipts were overstated in the amount of \$8,917, intergovernmental receipts were understated in the amount of \$1,868 and cash fund balance was overstated in the amount of \$7,049 due to posting rollback and homestead as property taxes. All was posted to the General Fund and should have been allocated.
- Beginning and ending cash fund balances were understated in the amount of \$16,287 due to unclaimed monies fund not mapped to the General fund.
- Additional immaterial errors in classifying receipt and disbursement transaction line items were noted in amounts ranging from \$14 to \$6,231.

Special Revenue Funds:

- Intergovernmental receipts were overstated and property tax receipts were understated in the amount of \$51,405 in the Protection and Safety fund due to property tax receipts posted as intergovernmental receipts.
- Immaterial errors in classifying receipt and disbursement transaction line items were noted in amounts ranging from \$23 to \$17,290.

Capital Project Funds:

- Property and other local taxes receipts and cash fund balance were understated in the amount of \$268 in the Infrastructure Levy fund due to manufactured home receipts incorrectly recorded as income tax receipts in the General fund.
- Intergovernmental receipts and cash fund balance were understated in the amount of \$542 in the Infrastructure Levy Fund due to manufactured home receipts incorrectly recorded as income tax receipts in the General fund.
- Security of persons and property expenditures were overstated, and cash fund balance was understated in the amount of \$8,471 in the Infrastructure Levy Fund due to correction of unallowable expenditures moved to the General Fund.
- An additional immaterial error in classifying receipt and disbursement transaction line items was noted in the amount of \$12.

FINDING NUMBER 2022-004
(Continued)

Enterprise Funds:

- Capital outlay expenditures were overstated and cash fund balance was understated in the amount of \$30,511 in the Water Operating fund due to incorrectly recording a portion of a purchase in the Water Operating fund instead of the Sewer Operating fund.
- Capital outlay expenditures were understated and cash fund balance was overstated in the amount of \$30,511 in the Sewer Operating fund due to incorrectly recording a portion of a purchase in the Water Operating fund instead of the Sewer Operating fund.
- Loan proceeds and cash fund balance were overstated in the amount of \$72,960 in the Water Operating fund and were understated in the amount of \$72,960 in the Sewer Operating Fund due to recording activity in the incorrect fund.
- Loan proceeds and principal payments were understated in the amount of \$58,204 in the Sewer Operating fund due to incorrect recording of on-behalf of transactions.
- Intergovernmental receipts and principal payments were understated in the amount of \$80,883 in the Sewer Operating fund due to incorrect recording of on-behalf of transactions.
- Principal payments, capital outlay, intergovernmental receipts, and loan proceeds were understated in the amount of \$462,506 in the Sewer Operating fund due to not recording on behalf-of transactions.
- Capital outlay and intergovernmental receipts were understated in the amount of \$498,846 in the Water Operating fund due to not recording grant activity.
- Principal payments and loan proceeds were understated in the amount of \$151,213 Water Operating Fund due to not recording of on-behalf of transactions.
- Principal payments and intergovernmental receipts were understated in the amount of \$45,821 in the Water Operating fund due to incorrect recording of on-behalf of transactions.
- Additional immaterial errors in classifying receipt and disbursement transaction line items were noted in amounts ranging from \$975 to \$22,590.

Custodial Funds:

- Beginning and ending cash fund balances were overstated in the amount of \$16,287 due to unclaimed monies not mapped to the General fund.

Due to deficiencies in the Village's financial statement monitoring and review process, the following conditions were noted in relation to the Village's 2021 accounting system:

General Fund:

- An immaterial error in classifying a disbursement transaction line item was noted in the amount of \$4,777.

Special Revenue Fund:

- Immaterial errors in classifying receipt and disbursement transaction line items were noted in amounts ranging from \$70 to \$31,094.

FINDING NUMBER 2022-004
(Continued)

Capital Projects

- Security of persons and property expenditures were overstated and cash fund balance was understated in the amount of \$4,777 in the Infrastructure Levy Fund due to correction of unallowable expenditures moved to the General Fund.

Enterprise Funds:

- Principal payments and loan proceeds were understated in the amount of \$1,238,558 in the Sewer Operating fund due to incorrectly recording on-behalf of transaction.
- Principal payments and loan proceeds were understated in the amount of \$99,076 in the Sewer Operating fund due to incorrectly recording on-behalf of transaction.
- Capital outlay and intergovernmental receipts were understated in the amount of \$75,846 in the Sewer Operating fund due to not recording on-behalf of transaction.
- Principal payments and loan proceeds were understated in the amount of \$110,800 in the Sewer Operating fund due to not recording on-behalf of transaction.
- Principal payments and intergovernmental receipts were understated in the amount of \$110,800 in the Sewer Operating fund due to not recording on-behalf of transaction.
- Additional immaterial errors in classifying receipt and disbursement transaction line items were noted in amounts ranging from \$370 to \$17,037.

The Village corrected the financial statements and their accounting system, where applicable, for the above errors.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the Village.

The Village should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-005

Material Weakness - Utilities

Accurate and timely accounting and reconciliation procedures are key components of an effective accounting system and internal controls required to enable the Village to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

Due to deficiencies in the Village's monitoring and review process, the following conditions were noted related to utility billing and receipt collection:

FINDING NUMBER 2022-005
(Continued)

- The Village did not maintain year-to-date receipt reports from the utility system and was unable to obtain these reports for the audit period. We found that the Village did not reconcile the receipts per the utility system to what was paid into the Village's accounting system, resulting in a variance of \$1,428 in 2022 and \$75,946 in 2021 for year-to-date total collected receipts.
- Various customers were billed for water and sewer at an incorrect rate during 2021 and one customer that was not charged the \$2 storm drain and \$5.55 sewer debt fees in accordance with Village ordinances during 2022 and 2021.
- The Village did not maintain receipt reports from the credit card company and was unable to obtain these reports for 2021, resulting in \$5,684 of customer receipts tested that could not be traced to underlying support.

Without complete and timely reconciliation of utility billings and collection, undetected errors could occur. To reduce the risk of undetected errors the Village should perform the following procedures:

- The Village should maintain year-to-date reports from the utility system and reconcile periodically and at year end to the Village's accounting system.
- The Village should periodically review customer accounts for billed rates and ensure rates are charged in accordance with Village ordinances.
- The Village should maintain reports from third-party administrators and reconcile the amounts received per the third-party administrator to the Village's records.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-006

Significant Deficiency – Utility Credit Card Third Party Administrator

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Village has outsourced utility customer credit card transactions to a third-party administrator. The Village has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that credit card transactions have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance that credit card transactions conform to the contract.

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

FINDING NUMBER 2022-006
(Continued)

The Village should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Village with a Type 2 SOC 1 report, the Village should contract with a third-party administrator that will provide this report.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-007

Significant Deficiency – Cash Reconciliation

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

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

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council is responsible for reviewing the reconciliations and related support.

Due to deficiencies in the Village's monitoring and review process, the following conditions were noted related to cash:

- The Fiscal Officer attempted to reconcile the monthly bank statements to the accounting system records but included an unreconciled carrying variance of \$365 which remained consistent between fiscal years 2022 and 2021.
- Various reconciling debits and credits were carried on the December 2022 bank reconciliation that were not true reconciling factors.
- The Village did not record interest on certificates of deposits accumulating to \$5,594 in fiscal year 2022. The Village did not maintain supporting documentation for the establishment of the certificates of deposits, therefore we could not determine the proper allocation of interest.
- The Utility Clerk did not reconcile the outside utility bank account for customer deposits and the Village did not include the balance on the Village's books. This resulted in bank balances of \$52,485 and \$11,702 at 2022 and 2021 fiscal year end that were not recorded by the Village.

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

FINDING NUMBER 2022-007
(Continued)

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Additionally, the Village should determine and maintain support and approval for the establishment of the certificates of deposits and proper allocation of interest received.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-008

Noncompliance – Timely Deposit

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

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

The following was noted in 2022:

- Five out of six (83%) Utility pay-in receipts tested for fiscal year 2022, totaling \$122,525, were not deposited with the fiscal officer or designated depository for a period ranging from four to sixteen business days after initial receipt of the monies.
- Four out of four (100%) License, Fees, Permits tested for Fiscal Year 2022, totaling \$10,388, were not deposited with the Fiscal Officer or esignated depository for a period of twelve to thirty-eight days from the date of check issuance.
- Two out of four (50%) Charges for Services Special Revenue fire receipts tested for fiscal year 2022, totaling \$12,000, were not deposited with the fiscal officer or designated depository for a period ranging from three to one hundred and fifteen days from the date of the check issuance.
- One out of Four (25%) Charges for Services General Fund tested for fiscal year 2022, totaling \$1, was not deposited with the fiscal officer or designated depository for a period of eleven days from the date of the check issuance.

The following was noted in 2021:

- Three out of six (50%) of Utility pay-in receipts tested for fiscal year 2021, totaling \$92,331, were not deposited with the fiscal officer or designated depository for a period ranging from two to four business days after initial receipt of the monies.

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

FINDING NUMBER 2022-008
(Continued)

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

Officials' Response:

We did not receive a response from Officials to this finding.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2022-009

Finding for Recovery – Late Fees – Repaid Under Audit

Ohio Administrative Code § 145-1-27(B)(2) provides that beginning on January 1, 2008, employer liabilities shall be received by the Ohio Public Employees Retirement System not later than the thirtieth day after the last day of the calendar month for which related member contributions are withheld.

Ohio Administrative Code § 145-1-28(B) provides that both employee contributions to the Ohio Public Employees Retirement System and a corresponding report shall be filed with the system no later than the thirtieth day after the last day of the reporting period for which they are due.

Due to insufficient policies and procedures, the Village was assessed and paid late fee, finance, and service charges for the late payments of invoices in the amount of \$1,455.69. The repeated failure to remit OPERS withholdings and utility payments timely is considered gross negligence. Late payment fees, finance, and service charges incurred through gross negligence are illegal expenditures. These charges would have been avoided had the withholdings been remitted and utility bills paid by the required due dates by the Fiscal Officer.

Late fee, finance and service charges were incurred for the following:

- Ohio Public Employees Retirement System in the amount of \$470.45 in 2022; \$347.53 in 2023; and \$509.65 in 2024, a total amount of \$1,327.63.
- American Electric Power in the amount of \$48.48 in 2023 and \$79.58 in 2024, a total of \$128.06.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robin Michelle Taylor, Fiscal Officer in the amount of \$1,455.69, and in favor of the Village of Manchester's general fund in the amount of \$1,108.97; street construction repair and maintenance fund in the amount of \$28.92; EMS fund in the amount of \$240.58; fire fund in the amount of \$.91; splash pad recreation fund in the amount of \$.40; water fund in the amount of \$39.37; and sewer fund in the amount of \$36.54.

The Village should draft, approve, and implement policies and procedures requiring proper support for all transactions including original receipts for business expense reimbursements and proper public purpose documentation related to electronic transactions (including withdrawals and overdraft fees) and other transactions of the Village. Approval of such policies and procedures should be memorialized in the minutes.

FINDING NUMBER 2022-009
(Continued)

On August 4, 2025, \$1,455.69 was repaid to the Village. Finding is considered repaid in full.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-010

Finding for Recovery – Debt Payment – Repaid Under Audit

The Village of Manchester lacks statutory authority to make a payment to a bank to pay a portion of a private nonprofit corporation's loan.

The Manchester Fireman's Benefit Association, a nonprofit organization, took out a loan and obtained a promissory note in the amount of \$60,280 from a bank to pay for improvements for the fire station. The fire station is owned by the Village of Manchester. Due to insufficient policies and procedures, the Village made a payment in the amount of \$20,652.63 by check on the loan owed by the Association, credited to the \$60,280 loan balance by the bank, after Richard R. Bowman, III, the Fire Chief, indicated to the Village Fiscal Officer, Robin Taylor, that the Village is required to make a payment. The Village could not provide any evidence that the Village had a legal obligation or had legal authority to pay a portion of the Association's debt. In addition, there was no council approval of the payment, and we were unable to confirm that the Council's Finance Committee had any involvement in approving the payment. Fiscal Officer Taylor and the Village Council President, Christine Henderson, signed the check making the payment to the bank.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robin Taylor, Fiscal Officer; Christine Henderson, Council Member; and James R. Bowman III, Fire Chief in the amount of \$20,652.63, and in favor of the Village of Manchester's fire levy fund.

The Village should ensure that any payments made by the Village are properly authorized by the Village Council and are for purposes that serve the interests and obligations of the Village. The Village should also ensure that it does not pay for the debts of private organizations absent legal authority to do so.

On July 31, 2025, \$20,652.63 was repaid to the Village's Fire Levy Fund. Finding is considered repaid in full.

Officials' Response:

We did not receive a response from Officials to this finding.

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Village of Manchester

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting Errors	Not Corrected	Reissued as 2022-004
2020-002	ORC § 5705.41 (D) Improper Certification of Funds	Partially Corrected	Reissued as Management Letter comment

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MANCHESTER

ADAMS 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 8/19/2025

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