



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF ADDYSTON  
HAMILTON COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Addyston  
Hamilton County  
235 Main Street  
Addyston, Ohio 45001

To the Members of the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Addyston, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2019-007 through 2019-010, 2019-018 through 2019-2021, 2019-027, 2019-037, and 2019-039 through 2019-042 in the Schedule of Findings to be internal control deficiencies that management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as Findings 2019-001 through 2019-006, 2019-008, 2019-011 through 2019-017, 2019-019, 2019-022 through 2019-036, and 2019-038.

### ***Other Matters***

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent upon the results of the investigation, results may be reported at a later date.

***Village's Responses to Findings***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
November 30, 2021

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$100,029	\$70,449	\$0	\$170,478
Municipal Income Tax	459,733	0	0	459,733
Intergovernmental	19,817	36,308	25,000	81,125
Special Assessments	11	0	0	11
Charges for Services	10,168	0	0	10,168
Fines, Licenses and Permits	96,151	0	0	96,151
Earnings on Investments	251	0	0	251
Unclassified Receipts	3,229	12,357	0	15,586
Miscellaneous	83,394	579	0	83,973
<i>Total Cash Receipts</i>	<u>772,783</u>	<u>119,693</u>	<u>25,000</u>	<u>917,476</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	76,439	10,193	0	86,632
Leisure Time Activities	8,764	794	0	9,558
Basic Utility Services	31,123	0	0	31,123
Transportation	14,997	34,248	0	49,245
General Government	94,071	17,881	57,311	169,263
Unclassified Expenditures	570,217	54,955	0	625,172
Debt Service:				
Principal Retirement	57,926	0	0	57,926
Interest and Fiscal Charges	(667)	0	0	(667)
<i>Total Cash Disbursements</i>	<u>852,870</u>	<u>118,071</u>	<u>57,311</u>	<u>1,028,252</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,087)</u>	<u>1,622</u>	<u>(32,311)</u>	<u>(110,776)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	25,000	28,664	53,664
Transfers Out	(53,664)	0	0	(53,664)
Other Financing Sources	20	0	0	20
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(53,644)</u>	<u>25,000</u>	<u>28,664</u>	<u>20</u>
<i>Net Change in Fund Cash Balances</i>	<u>(133,731)</u>	<u>26,622</u>	<u>(3,647)</u>	<u>(110,756)</u>
<i>Fund Cash Balances, January 1</i>	<u>227,443</u>	<u>52,035</u>	<u>6,377</u>	<u>285,855</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	77,831	3,050	80,881
Committed	0	826	0	826
Assigned	10,977	0	0	10,977
Unassigned (Deficit)	82,735	0	(320)	82,415
<i>Fund Cash Balances, December 31</i>	<u>\$93,712</u>	<u>\$78,657</u>	<u>\$2,730</u>	<u>\$175,099</u>

See accompanying notes to the basic financial statements

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

	Proprietary	Fiduciary	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$377,055	\$0	\$377,055
Unclassified Receipts	52,678	0	52,678
Miscellaneous	\$5,939	0	5,939
<i>Total Operating Cash Receipts</i>	<u>435,672</u>	<u>0</u>	<u>435,672</u>
<b>Operating Cash Disbursements:</b>			
Unclassified Expenditures	211,958	0	211,958
Personal Services	11,470	0	11,470
Employee Fringe Benefits	184	0	184
Contractual Services	47,068	0	47,068
Supplies and Materials	10,555	0	10,555
Other	85,744	0	85,744
<i>Total Operating Cash Disbursements</i>	<u>366,979</u>	<u>0</u>	<u>366,979</u>
<i>Operating Income (Loss)</i>	<u>68,693</u>	<u>0</u>	<u>68,693</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Property and Other Local Taxes	12,745	0	12,745
Intergovernmental	670	0	670
Debt Proceeds	236,180	0	236,180
Capital Outlay	(203,801)	0	(203,801)
Principal Retirement	(64,297)	0	(64,297)
Interest and Other Fiscal Charges	(7,062)	0	(7,062)
Other Financing Sources	0	112,920	112,920
Other Financing Uses	0	(111,973)	(111,973)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(25,565)</u>	<u>947</u>	<u>(24,618)</u>
<i>Income (Loss)</i>	43,128	947	44,075
<i>Fund Cash Balances, January 1</i>	<u>44,622</u>	<u>15,106</u>	<u>59,728</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$87,750</u></u>	<u><u>\$16,053</u></u>	<u><u>\$103,803</u></u>

*See accompanying notes to the basic financial statements.*



**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Addyston (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Permissive Motor Vehicle License Tax*** The permissive motor vehicle license tax fund accounts for and reports the portion of the State vehicle registration fees restricted for planning, constructing, improving, maintaining and repairing roads, highways, bridges, and viaducts.

***Fire Revenue Fund*** The Fire Revenue fund receives tax levy revenues restricted for the purpose of contract services for fire and EMS services.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. The Village had the following significant Capital Project funds:

**Hitchens Park Fund** The Hitchens Park Fund, formerly the Boat Ramp Fund, accounts for a grant from the State for a mixed boat ramp/land use project.

**SCIP Road Fund** The SCIP road fund accounts for road projects administered by the Ohio Public Works Commission (OPWC).

**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.

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. The Village did not encumber all commitments as required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$989,314	\$772,803	(\$216,511)
Special Revenue	169,661	144,693	(24,968)
Debt Service	41,888	0	(41,888)
Capital Projects	201,790	53,664	(148,126)
Enterprise	466,634	685,267	218,633
Internal Service	0	0	0
Fiduciary	0	112,920	112,920
<b>Total</b>	<b>\$1,869,287</b>	<b>\$1,769,347</b>	<b>(\$99,940)</b>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,080,749	\$1,027,524	\$53,225
Special Revenue	113,381	154,625	(41,244)
Debt Service	68,251	4,690	63,561
Capital Projects	98,842	107,387	(8,545)
Enterprise	417,041	678,149	(261,108)
Internal Service	10,617	1,856	8,761
Fiduciary	0	111,973	(111,973)
<b>Total</b>	<b>\$1,788,881</b>	<b>\$2,086,204</b>	<b>(\$297,323)</b>

**Note 4 – Deposits and Investments**

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

	2019
Demand deposits	<u>\$24,044</u>
Other time deposits	<u>254,858</u>
Total carrying amount of deposits	<u><u>278,902</u></u>

***Deposits***

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

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. On December 7th, 2015, Village Council adopted Ordinance 2015-06 amending the Municipal Earning Tax from 1% to 1.5% effective January 1, 2016.

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

**Note 6 – Risk Management**

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Note 7 – 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 paid penalties and interest throughout 2019 due to remittance errors.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village paid penalties and interest throughout 2019 due to remittance errors.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Water System Replacement OPWC #CB24E	\$73,068	3.00%
Well Field Water Main Replacement OPWC #CT04E	\$23,647	0.00%
First Street Improvements OPWC #CB11T	\$230,271	0.00%
Second Street Waterline Replacement OWDA #5879	\$67,175	2.00%
Cleves Waterline Interconnection OWDA #7471	\$22,537	2.51%
Police Cruiser Capital Lease	\$52,682	5.45%
PNC Capital Improvement Loan	13,229	2.40%
Total	<u>\$482,609</u>	

During 2003, the Village was awarded Ohio Public Works Commission Loan #CB24E in the amount of \$292,000. Proceeds from the loan were used to finance water service replacements. The Village is making semi-annual payments of \$9,761 with the final payment due July 1, 2023.

During 2005, the Village was awarded Ohio Public Works Commission Loan #CT04E in the amount of \$85,992. Proceeds from the loan were used to finance a well field water main replacement. The Village is making semi-annual payments of \$2,150 with the final payment due January 1, 2025.

During 2019, the Village was awarded Ohio Public Works Commission Loan #CB11T in the amount of \$236,180. Proceeds from the loan were used to finance construction on First Street improvements. The Village is making semi-annual payments of \$5,904 with the final payment due in 2039.

During 2011, the Village was awarded Ohio Water Development Authority Loan #5879 in the amount of \$109,556. Proceeds from the loan were used to finance the Second Street Waterline Replacement. The Village is making semi-annual payments of \$3,050 with the final payment due July 1, 2032.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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During 2018, the Village was awarded an Ohio Water Authority Grant #7471 in the amount of \$38,302 to install a water main interconnection with the Village of Cleves, Ohio. The Village is making semi-annual principal payments of \$2,500 and interest is being capitalized. There currently is not an official amortization schedule. The final payment is due September 1, 2022.

During 2016 the Village was awarded a PNC Capital Improvement Loan in the amount of \$100,000 with an interest rate of 2.40%. As of December 31, 2019 the Village owed \$13,229 the loan is for capital Improvements within the Municipal Building facility.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$18,991 to pay lease costs for the year ended December 31, 2019. During 2018, the Village entered into a capital lease purchase agreement with Ford Credit Municipal Finance in the amount of \$81,962. The Capital Lease was for two new 2018 Ford Interceptor police cruisers. The Village is making quarterly payments of \$5,709. Payments are due quarterly with the final payment due April 24, 2022.

***Amortization***

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

Ending December	OPWC Loans	OWDA Loans	Capital Lease	Total
2020	35,630	8,050	22,837	66,517
2021	35,630	11,100	22,837	69,567
2022	35,630	11,100	11,419	58,149
2023	35,630	11,100		46,730
2024	16,109	8,637		24,746
2025-2029	61,195	30,502		91,697
2030-2034	59,045	18,301		77,346
2035-2039	53,136			53,136
Total	<u>\$332,005</u>	<u>\$98,790</u>	<u>\$57,093</u>	<u>\$487,888</u>

Also in addition to the above debt outstanding, the Village had a line of credit on 12/31/19 with PNC Bank with a total balance of \$13,229. There is not any amortization schedule for repayment of this amount.

**Note 10 – Subsequent Events**

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



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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$100,810	\$55,216	\$0	\$156,026
Municipal Income Tax	455,986	0	0	455,986
Intergovernmental	20,762	38,411	0	59,173
Special Assessments	1,693	0	0	1,693
Charges for Services	915	492	0	1,407
Fines, Licenses and Permits	115,537	0	0	115,537
Unclassified Receipts	12,372	40,955	0	53,327
Miscellaneous	30,520	13,173	0	43,693
<i>Total Cash Receipts</i>	<u>738,595</u>	<u>148,247</u>	<u>0</u>	<u>886,842</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	101,085	5,619	0	106,704
Leisure Time Activities	37,652	1,318	0	38,970
Basic Utility Services	28,193	0	0	28,193
Transportation	49,455	99,844	0	149,299
General Government	127,244	8,379	0	135,623
Capital Outlay	0	0	84,046	84,046
Unclassified Expenditures	546,499	82,653	0	629,152
Debt Service:				
Principal Retirement	41,326	0	0	41,326
Interest and Fiscal Charges	2,406	0	0	2,406
<i>Total Cash Disbursements</i>	<u>933,860</u>	<u>197,813</u>	<u>84,046</u>	<u>1,215,719</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(195,265)</u>	<u>(49,566)</u>	<u>(84,046)</u>	<u>(328,877)</u>
<i>Fund Cash Balances, January 1 (as restated)</i>	<u>422,709</u>	<u>101,601</u>	<u>90,423</u>	<u>614,733</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	50,988	6,377	57,365
Committed	0	1,047	0	1,047
Assigned	120,990	0	0	120,990
Unassigned (Deficit)	106,454	0	0	106,454
<i>Fund Cash Balances, December 31</i>	<u>\$227,444</u>	<u>\$52,035</u>	<u>\$6,377</u>	<u>\$285,856</u>

*See accompanying notes to the basic financial statements.*

**Village of Addyston, Ohio**

*Hamilton County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary and Fiduciary Fund Types*

*For the Year Ended December 31, 2018*

	Proprietary	Fiduciary	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$222,583	\$0	\$222,583
Unclassified Receipts	79,912	0	79,912
Miscellaneous	\$773	0	773
<i>Total Operating Cash Receipts</i>	<u>303,268</u>	<u>0</u>	<u>303,268</u>
<b>Operating Cash Disbursements:</b>			
Unclassified Expenditures	81,208	0	81,208
Employee Fringe Benefits	2,389	0	2,389
Contractual Services	35,710	0	35,710
Supplies and Materials	22,855	0	22,855
Other	105,117	0	105,117
<i>Total Operating Cash Disbursements</i>	<u>247,279</u>	<u>0</u>	<u>247,279</u>
<i>Operating Income (Loss)</i>	<u>55,989</u>	<u>0</u>	<u>55,989</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Property and Other Local Taxes	12,480	0	12,480
Intergovernmental	620	0	620
Special Assessments	8,930	0	8,930
Debt Proceeds	37,537	0	37,537
Capital Outlay	(37,537)	0	(37,537)
Principal Retirement	(78,172)	0	(78,172)
Interest and Other Fiscal Charges	29,895	0	29,895
Other Financing Sources	0	140,060	140,060
Other Financing Uses	0	(137,142)	(137,142)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(26,247)</u>	<u>2,918</u>	<u>(23,329)</u>
<i>Income (Loss)</i>	29,742	2,918	32,660
<i>Fund Cash Balances, January 1 (as restated)</i>	<u>14,880</u>	<u>12,189</u>	<u>27,069</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$44,622</u></u>	<u><u>\$15,107</u></u>	<u><u>\$59,729</u></u>

*See accompanying notes to the basic financial statements*

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Addyston (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Permissive Motor Vehicle License Tax*** The permissive motor vehicle license tax fund accounts for and reports the portion of the State vehicle registration fees restricted for planning, constructing, improving, maintaining and repairing roads, highways, bridges, and viaducts.

***Fire Revenue Fund*** The Fire Revenue fund receives tax levy revenues restricted for the purpose of contract services for fire and EMS services.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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. The Village had the following significant Capital Project funds:

**Hitchens Park Fund** The Hitchens Park Fund, formerly the Boat Ramp Fund, accounts for a grant from the State for a mixed boat ramp/land use project.

**SCIP Road Fund** The SCIP road fund accounts for road projects administered by the Ohio Public Works Commission (OPWC).

**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.

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

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

### ***Basis of Accounting***

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

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

### ***Budgetary Process***

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

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

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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. The Village did not encumber all commitments as required by Ohio law.

A summary of 2018 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.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$673,188	\$738,595	\$65,407
Special Revenue	340,793	148,247	(192,546)
Debt Service	35,000	0	(35,000)
Capital Projects	505,905	0	(505,905)
Enterprise	0	362,835	362,835
Internal Service	0	0	0
Fiduciary	0	140,060	140,060
<b>Total</b>	<b>\$1,554,886</b>	<b>\$1,389,737</b>	<b>(\$165,149)</b>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$895,656	\$1,057,080	(\$161,424)
Special Revenue	167,324	207,414	(40,090)
Debt Service	17,251	17,251	0
Capital Projects	564,000	84,371	479,629
Enterprise	283,503	372,096	(88,593)
Internal Service	1,233	1,233	0
Fiduciary	0	137,142	(137,142)
<b>Total</b>	<b>\$1,928,967</b>	<b>\$1,876,587</b>	<b>\$52,380</b>

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	<u>\$43,110</u>
Other time deposits	<u>302,476</u>
Total carrying amount of deposits	<u><u>345,586</u></u>

***Deposits***

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

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. On December 7th, 2015, Village Council adopted Ordinance 2015-06 amending the Municipal Earning Tax from 1% to 1.5% effective January 1, 2016.

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.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management**

***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>2018</u>
Cash and investments	\$35,281,789
Actuarial liabilities	\$12,965,015

**Note 7 – 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 paid penalties and interest throughout 2018 due to remittance errors.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village paid penalties and interest throughout 2018 due to remittance errors.



**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

**Note 9 – Debt**

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

	Principal	Interest Rate
Water System Rehabilitation OPWC #CB007	\$2,650	0.00%
Water System Replacement OPWC #CB24E	\$90,015	3.00%
Well Field Water Main Replacement OPWC #CT04E	\$27,947	0.00%
Second Street Waterline Replacement OWDA #5879	\$71,862	2.00%
Cleves Waterline Interconnection OWDA #7471	\$27,537	2.51%
Police Cruiser Capital Lease	\$71,673	5.45%
PNC Capital Improvement Loan	33,894	2.40%
Total	\$325,578	

During 1999, the Village was awarded Ohio Public Works Commission Loan #CB007 in the amount of \$106,000. Proceeds from the loan were used to finance water service rehabilitation. The Village is making semi-annual payments of \$2,650 with the final payment due January 1, 2019.

During 2003, the Village was awarded Ohio Public Works Commission Loan #CB24E in the amount of \$292,000. Proceeds from the loan were used to finance water service replacements. The Village is making semi-annual payments of \$9,761 with the final payment due July 1, 2023.

During 2005, the Village was awarded Ohio Public Works Commission Loan #CT04E in the amount of \$85,992. Proceeds from the loan were used to finance a well field water main replacement. The Village is making semi-annual payments of \$2,150 with the final payment due January 1, 2025.

During 2011, the Village was awarded Ohio Water Development Authority Loan #5879 in the amount of \$109,556. Proceeds from the loan were used to finance the Second Street Waterline Replacement. The Village is making semi-annual payments of \$3,050 with the final payment due July 1, 2032.

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

During 2018, the Village was awarded an Ohio Water Authority Grant #7471 in the amount of \$38,302 to install a water main interconnection with the Village of Cleves, Ohio. The Village is making semi-annual principal payments of \$2,500 and interest is being capitalized. There currently is not an official amortization schedule. The final payment is due September 1, 2022.

During 2016 the Village was awarded a PNC Capital Improvement Loan in the amount of \$100,000 with an interest rate of 2.40%. As of December 31, 2018 the Village owed \$33,894 the loan is for capital Improvements within the Municipal Building facility.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$14,995 to pay lease costs for the year ended December 31, 2018. During 2018, the Village entered into a capital lease purchase agreement with Ford Credit Municipal Finance in the amount of \$81,962. The Capital Lease was for two new 2018 Ford Interceptor police cruisers. The Village is making quarterly payments of \$5,709. Payments are due quarterly with the final payment due April 24, 2022.

***Amortization***

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

Ending December	OPWC Loans	OWDA Loans	Capital Lease	Total
2019	26,471	8,050	22,837	57,358
2020	23,821	11,100	22,837	57,758
2021	23,821	11,100	22,837	57,758
2022	23,821	11,100	11,419	46,340
2023	23,821	11,100		34,921
2024-2028	6,449	33,039		39,488
2029-2033		24,402		24,402
2034-2038				0
Total	<u>\$128,204</u>	<u>\$109,891</u>	<u>\$79,930</u>	<u>\$318,025</u>

Also in addition to the above debt outstanding, the Village had a line of credit on 12/31/18 with PNC Bank with a total balance of \$33,894. There is not any amortization schedule for repayment of this amount.

**Note 10 - Fund Balance Restatement**

For 2019, the Village restated fund balances that previously had been recorded as Internal Service funds to Special Revenue funds. The Village also restated fund balances that had been recorded to Debt Service fund to Enterprise funds. The Village included Mayor’s Court activity in the Agency fund that had been excluded from the previous financial statements.

The effect of these changes restated beginning cash balances as follows:

**Village of Addyston, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

Fund Balances	Special Revenue	Debt Service	Total
Fund Balance			
December 31, 2019	\$98,043	\$22,164	\$120,207
Adjustments	3,558	(22,164)	(18,606)
Restated Fund Balance			
December 31, 2019	<u>\$101,601</u>	<u>\$0</u>	<u>\$101,601</u>

Fund Balances	Proprietary Enterprise	Proprietary Internal Service	Fiduciary Agency Fund	Total
Fund Balance				
December 31, 2019	(\$7,285)	\$3,557	\$0	(\$3,728)
Adjustments	22,165	(3,557)	12,189	30,797
Restated Fund Balance				
December 31, 2019	<u>\$14,880</u>	<u>\$0</u>	<u>\$12,189</u>	<u>\$27,069</u>

**Note 11 – Subsequent Events**

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

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**VILLAGE OF ADDYSTON  
HAMILTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 & 2018**

<b>Finding Number</b>	<b>2019-001</b>
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**Finding for Recovery Repaid Under Audit/Noncompliance**

*Pension Payments*

**Ohio Rev. Code § 742.31** states each employee shall contribute an amount equal to 12.25% of the employee’s salary earned in pay periods beginning not earlier than July 2, 2015 to the Ohio Police and Fire Pension Fund (OP&F). The amount shall be deducted by the employer from the employee’s salary for each pay period.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39, *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

From January 2018 through the pay period ending April 24, 2018, the Village withheld 0.12% of former Police Chief Dorian LaCourse’s gross pensionable salary, or \$24, for the employee share of the OP&F withholding. The required share was 12.25% per the Ohio Rev. Code section noted above, or \$2,392. The Village paid \$2,392 to OP&F on behalf of former Police Chief Dorian LaCourse. Because the Village paid \$2,392 to OP&F on behalf of former Police Chief Dorian LaCourse, but only withheld \$24, former Police Chief Dorian LaCourse was overpaid by \$2,368 from the General Fund. Village Clerk Margaret Ann Dozier received or collected the public money used to make the erroneous payments.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Police Chief Dorian LaCourse, and Village Clerk Margaret Ann Dozier and her bonding company, Public Entities Pool of Ohio, jointly and severally, in the amount of \$2,368 and in favor of the Village of Addyston, General Fund.

Dorian LaCourse paid \$2,368 to the Village of Addyston’s General Fund on July 8, 2021. This was deposited into the bank on July 13, 2021 and posted to the accounting system on July 15, 2021. This finding for recovery is considered repaid in full.

**Officials’ Response:**

This finding has been paid in full and proof provided to the State Auditor.

<b>Finding Number</b>	<b>2019-002</b>
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**Finding for Recovery/Noncompliance**

*Penalties & Interest Paid to Retirement Systems*

**Ohio Rev. Code § 145.47** states that each employee shall contribute eight per cent of the contributor’s earnable salary to the OPERS employees’ savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee’s earnable salary.

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

**FINDING NUMBER 2019-002  
(Continued)**

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, “generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . .” *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

The Village paid the Ohio Public Employees Retirement System (OPERS) penalties and interest in the amount of \$162 during 2019 and \$300 during 2018.

The Village paid the Ohio Police and Fire Retirement System (OP&F) penalties and interest in the amount of \$250 during 2019 and \$550 during 2018.

Village Clerk Margaret Ann Dozier was responsible for making timely payments to the pension systems.

In accordance with the foregoing facts and circumstances and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Margaret Ann Dozier, Village Clerk, and her bonding company, Public Entities Pool of Ohio, in the amount of \$1,262, and in favor of the Village of Addyston, General Fund.

**Officials’ Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-003</b>
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**Finding for Recovery Repaid Under Audit/Noncompliance**

*Payroll Overpayments*

The Village overpaid certain individuals during 2019 and 2018 as follows:

- Ryan Jackson, an hourly employee, was paid for 4 hours more than what was reported on his timesheet for the pay period ended September 22, 2019. Mr. Jackson was paid for 73.4 hours instead of the 69.4 hours reported on his timesheet. This resulted in a \$62 overpayment to Mr. Jackson during 2019 from the General Fund. The direct deposit for the payroll ended September 22, 2019 was authorized by Margaret Ann Dozier, Village Clerk.
- Donald McWhorter, an hourly employee, was paid for 8 hours more than what was reported on his timesheet for the pay period ended January 13, 2019. Mr. McWhorter was paid for 132.8 hours, including 84 hours of regular pay and 48.8 hours of overtime, instead of the 124.8 hours, including 76 hours of regular pay and 48.8 hours of overtime, as reported on his timesheet. This resulted in a \$155 overpayment to Mr. McWhorter during 2019 from the General Fund. The direct deposit for the payroll ended January 13, 2019 was authorized by Margaret Ann Dozier, Village Clerk.

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

- Kevin Kelsey, an hourly employee, was paid for 4 hours more than what was reported on his timesheet for the pay period ended March 11, 2018. Mr. Kelsey was paid for 16 hours instead of the 12 hours reported on his timesheet. This resulted in a \$62 overpayment to Mr. Kelsey during 2018 from the General Fund. The direct deposit for the payroll ended March 11, 2018 was authorized by Margaret Ann Dozier, Village Clerk.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals in the following amounts and in favor of the Village of Addyston funds indicated below:

Individual	Amount of Finding for Recovery	Amount Repaid Under Audit	Remaining Finding for Recovery	In Favor of Fund
Ryan Jackson	\$62	\$62	\$0	General Fund
Donald McWhorter	155	155	0	General Fund
Kevin Kelsey	62	62	0	General Fund
<b>Total</b>	<b>\$279</b>	<b>\$279</b>	<b>\$0</b>	

Summary - in Favor of Funds	
General Fund	\$279
<b>Total</b>	<b>\$279</b>

This matter is also noted in Finding 2019-009 regarding payroll control issues.

Ryan Jackson paid \$62 to the Village of Addyston's General Fund on July 28, 2021. Donald McWhorter paid \$155 to the Village of Addyston's General Fund on August 3, 2021. Kevin Kelsey paid \$62 to the Village of Addyston's General Fund on July 28, 2021. This finding for recovery is considered to be repaid in full.

**Officials' Response:**

These findings have been paid in full with proof provided to the State Auditor.

<b>Finding Number</b>	<b>2019-004</b>
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**Finding for Recovery/Noncompliance**

*Ohio Public Employees Retirement System (OPERS) Payments & Negative Tax Offset Withholdings*

**Ohio Rev. Code § 145.47** states that each employee shall contribute eight per cent of the contributor's earnable salary to the OPERS employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

The Ohio Public Employees Retirement System Board has set the employee contribution rate at ten percent of the participating employee's earnable salary. The amount shall be deducted by the employer from the employee's salary for each pay period.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39, *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

**FINDING NUMBER 2019-004  
 (Continued)**

The Village made errors related to OPERS withholdings and had unsupported negative tax offset withholdings which increased gross pay amounts during 2019 as follows:

- The Village failed to withhold a total of \$80 of employee contributions from Samuel Hickey's pay for the three pay periods ending September 22, 2019, October 6, 2019, and October 20, 2019. The Village also had an unsupported negative tax offset withholding of \$3 to Mr. Hickey's pay for the pay period ending December 28, 2019.
- The Village failed to withhold a total of \$233 of employee contributions from Ryan Jackson's pay for the three pay periods ending March 10, 2019, March 24, 2019, and April 7, 2019. The Village also had an unsupported negative tax offset withholding of \$1,037 to Mr. Jackson's pay for the pay period ending December 15, 2019.
- The Village had an unsupported negative tax offset withholding of \$313 to Mr. William Nixon's 2019 pay for the pay period ending December 15, 2019.
- The Village failed to withhold a total of \$222 of employee contributions from Kaitlin Rager's pay for the nine pay periods ending May 19, 2019, June 2, 2019, June 16, 2019, June 30, 2019, July 14, 2019, July 28, 2019, August 11, 2019, August 25, 2019, and September 8, 2019. The Village also had an unsupported negative tax offset withholding of \$163 to Ms. Rager's pay for the pay period ending December 15, 2019.

The Village Clerk received or collected the money used to make the improper payments.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals in the following amount and in favor of the Village of Addyston funds indicated below:

<b>Individual</b>	<b>Amount of Finding for Recovery</b>	<b>Amount Repaid Under Audit</b>	<b>Remaining Finding for Recovery</b>	<b>In Favor of Fund</b>
Samuel Hickey	\$83		\$83	General Fund
Ryan Jackson	1,270		1,270	General Fund
William Nixon	313		313	Street Construction Maintenance and Repair Fund
Kaitlin Rager	385		385	General Fund
<b>Total</b>	<b>\$2,051</b>		<b>\$2,051</b>	

In accordance with the foregoing facts and circumstances and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the above employees and Village Clerk Margaret Ann Dozier, and her bonding company, Public Entities Pool of Ohio, jointly and severally, in the total amount of \$2,051 and in favor of the Village of Addyston, General Fund in the amount of \$1,738 and the Street Construction Maintenance and Repair Fund in the amount of \$313.

**Officials' Response:**

The Village is working with PAYCOR to resolve this finding.



<b>Finding Number</b>	<b>2019-005</b>
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**Finding for Recovery/Noncompliance**

*Penalties Paid to the Internal Revenue Service (IRS)*

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During 2019, the IRS assessed and the Village paid penalties in the amount of \$11,180 due to late filing of W-2 forms.

The Village Clerk was responsible for timely filing W-2's with the Social Security Department.

In accordance with the foregoing facts and circumstances and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Margaret Ann Dozier, Village Clerk, and her bonding company, Public Entities Pool of Ohio, in the amount of \$11,180, and in favor of the Village of Addyston, General Fund.

**Officials' Response:**

This matters goes back to the 2016 W-2 filing. The Village Clerk feels she did file the W-2's in a timely manner, and she can't be responsible for the United States Post Service delivery of the documents/mailing.

<b>Finding Number</b>	<b>2019-006</b>
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**Finding for Recovery/Noncompliance**

*Credit Card Fees*

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39, *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During 2018, the Village incurred and paid credit card late fees of \$241.

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

The Village Clerk, Margaret Ann Dozier, was responsible for making timely payments of credit card balances.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Margaret Ann Dozier, Village Clerk, and her bonding company, Public Entities Pool of Ohio, in the amount of \$241, and in favor of the Village of Addyston, General Fund.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-007</b>
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**Internal Control Deficiency**

*Cash Reconciliations*

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) to the accounting system 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 Village Clerk is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator is responsible for reviewing the reconciliations and related support.

The Village did not prepare accurate bank reconciliations for any month in 2019 and 2018 and there were no established procedures for approval of bank reconciliations. The Village retained the Local Government Services (LGS) Division of the Auditor of State to prepare proofs of cash for the years ended December 31, 2019 and 2018 which were used by LGS to reconcile the Village's cash at December 31, 2019 and 2018.

The proof of cash for the year ended December 31, 2019 identified numerous errors in the posting of receipts and disbursements, including the following:

- Eleven instances totaling \$10,547 in which receipts were posted to the Uniform Accounting Network (UAN) system at amounts less than the actual receipt.
- Seven instances totaling \$710 in which receipts were posted to the UAN system at amounts more than the actual receipt.
- Three instances totaling \$355 in which receipts posted to the UAN system were not deposited in the bank.
- Eleven instances (months) totaling \$3,124 in which money market interest was not posted to the UAN system.

**FINDING NUMBER 2019-007  
(Continued)**

- Five instances totaling \$5,653 in which receipts deposited in the bank were not posted to the UAN system.
- Eleven instances (months) totaling \$7,347 in which lease payments were not posted to the UAN system.
- Twelve instances (months) totaling \$21,262 in which loan payments were not posted to the UAN system.
- Nine instances (months) totaling \$90,334 in which payments to the Ohio Public Employees Retirement System (OPERS) were not posted to the UAN system.
- Four instances totaling \$6,085 in which checks voided by the Village cleared the bank.
- Twelve instances (months) totaling \$403,337 in which payments to Paycor for Village payroll were not posted to the UAN system.
- Twelve instances (months) totaling \$3,229 in which PNC bank service charges were not posted to the UAN system.
- Eight instances (months) totaling \$18,289 in which payments to the Ohio Police and Fire Pension Fund (OP&F) were not posted to the UAN system.
- Seventy-three instances totaling \$261,255 in which payments to various vendors were not posted to the UAN system.

The proof of cash for the year ended December 31, 2018 also identified numerous errors in the posting of receipts and disbursements, including the following:

- Thirty instances totaling \$509 in which receipts were posted to the UAN system at amounts less than the actual receipt.
- Eighteen instances totaling \$34,610 in which receipts were posted to the UAN system at amounts more than the actual receipt.
- Seventeen instances totaling \$2,773 in which receipts posted to the UAN system were not deposited in the bank.
- Twelve instances (months) totaling \$2,522 in which money market interest was not posted to the UAN system.
- Twelve instances totaling \$149,963 in which receipts deposited in the bank were not posted to the UAN system.
- Two instances totaling \$14,548 in which checks not recorded in the UAN system cleared the bank.
- Thirteen instances (months) totaling \$7,300 in which lease payments were not posted to the UAN system.
- Twelve instances (months) totaling \$21,262 in which loan payments were not posted to the UAN system.

**FINDING NUMBER 2019-007  
(Continued)**

- Twelve instances (months) totaling \$120,651 in which payments to OPERS were not posted to the UAN system.
- Twelve instances (months) totaling \$461,176 in which payments to Paycor for Village payroll were not posted to the UAN system.
- Twelve instances (months) totaling \$2,640 in which PNC bank service charges were not posted to the UAN system.
- Eight instances (months) totaling \$15,134 in which payments to OP&F were not posted to the UAN system.
- Eighteen instances totaling \$26,794 in which payments to various vendors were not posted to the UAN system.

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, combined with the lack of a supervisory review, increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

We recommend the Village Clerk reconcile all bank accounts on a monthly basis. The Village should document and adequately explain all adjusting factors. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. Outstanding checks older than six months should be investigated and appropriate actions taken to remove them from the reconciliation if they no longer apply. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document these reviews. For guidance, the Village should utilize the Village Officer's Handbook.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-008</b>
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**Internal Control Deficiency/Noncompliance**

*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 error or fraud as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. In addition, **Ohio Rev. Code § 5705.10(I)** provides that money paid into any fund shall be used only for the purposes for which such fund was established.

**FINDING NUMBER 2019-008**  
**(Continued)**

We identified the following conditions related to the Village's financial statements and notes to the financial statements for the year ended December 31, 2019:

General Fund

- The Village failed to post \$1,683 of local government funding (Intergovernmental Receipts) belonging to the General Fund.
- The Village improperly posted \$1,693 of local government funding (Intergovernmental Receipts) belonging to the General Fund. The local government funding was improperly posted to Property & Other Local Taxes in the Street Construction Maintenance & Repair Fund and the State Highway Fund in the amounts of \$1,566 and \$127, respectively.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$1,198 belonging to the Permissive Motor Vehicle License Tax Fund; the receipts were improperly posted to General Fund Property & Other Local Taxes.
- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$2,432 to the General Fund. The receipts should have been posted as Intergovernmental Receipts of the Fire Fund, Sewer Operating Fund, and Water Operating Fund in the amounts of \$1,762, \$163, and \$507, respectively.
- The Village failed to post the General Fund first half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$2,453.
- The Village failed to post the General Fund first half special assessments settlement for 2019 (Special Assessments Receipts) gross of related fees / deductions in the amount of \$11.
- The Village failed to post the General Fund second half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$596.
- The Village failed to post the General Fund second half special assessments settlement for 2019 (Special Assessments Receipts) gross of related fees / deductions in the amount of \$300.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$320 belonging to the Permissive Motor Vehicle License Tax Fund to General Fund Property & Other Local Taxes.
- The Village improperly posted a bank transfer in the amount of \$137,335 to General Fund Charges for Services, resulting in an overstatement of cash fund balance.
- The Village failed to post Income Tax Receipts totaling \$34,549 belonging to the General Fund.
- The Village improperly posted a bank transfer in the amount of \$77,048 to General Fund Other Financing Sources, resulting in an overstatement of cash fund balance.
- The Village improperly posted building permit receipts (Fines, Licenses & Permits) in the amount of \$140 belonging to the General Fund to Charges for Services in the Water Operating Fund.
- The Village improperly posted a Mayor's Court payment to the Village (Fines, Licenses & Permits) in the amount of \$5,732 belonging to the General Fund to Charges for Services in the Sewer Operating Fund.

**FINDING NUMBER 2019-008**  
**(Continued)**

- The Village improperly posted utility receipts (Charges for Services) in the amount of \$3,210 belonging to the Water Operating Fund to Charges for Services in the General Fund.
- At December 31, 2019 the Village improperly classified outstanding encumbrances (Assigned Fund Balance) in the amount of \$10,977 to Unassigned Fund Balance.

Permissive Motor Vehicle License Tax Fund

- The Village failed to post Intergovernmental Receipts in the amount of \$160 belonging to the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted Intergovernmental Receipts in the amount of \$1,940 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) in the amount of \$14,024 to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund. The receipts should have been posted as Intergovernmental Receipts to the Street Construction Maintenance & Repair Fund and the State Highway Fund in the amounts of \$12,972 and \$1,052, respectively.
- The Village failed to post motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$363 belonging to the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$444 belonging to the Permissive Motor Vehicle License Tax Fund. The receipts were improperly posted to Property & Other Local Taxes in the Street Construction Maintenance & Repair Fund and the State Highway Fund in the amounts of \$411 and \$33, respectively.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$3,128 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$1,198 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the General Fund.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$320 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the General Fund.

Street Construction Maintenance & Repair Fund

- The Village improperly posted local government funding (Intergovernmental Receipts) in the amount of \$1,566 belonging to the General Fund to Property & Other Local Taxes in the Street Construction Maintenance & Repair Fund.
- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) in the amount of \$12,972 belonging to the Street Construction Maintenance & Repair Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.

**FINDING NUMBER 2019-008**  
**(Continued)**

- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$411 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the Street Construction Maintenance & Repair Fund.

State Highway Fund

- The Village improperly posted local government funding (Intergovernmental Receipts) in the amount of \$127 belonging to the General Fund to Property & Other Local Taxes in the State Highway Fund.
- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) in the amount of \$1,052 belonging to the State Highway Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted motor vehicle registration receipts (Intergovernmental Receipts) in the amount of \$33 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the State Highway Fund.

Fire Fund

- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$1,762 belonging to the Fire Fund to Intergovernmental Receipts in the General Fund.
- The Village failed to post the Fire Fund first half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$1,127.
- The Village failed to post the Fire Fund second half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$140.

Drug Law Enforcement Fund

- The Village failed to post a justice assistance grant (Intergovernmental Receipts) in the amount of \$2,491 to the Drug Law Enforcement Fund.

ABPA Loans Fund

- The Village improperly posted Charges for Services receipts in the amount of \$32,184 belonging to the Water Operating Fund to the APBA Loans Fund.
- Beginning cash, all remaining receipts and disbursements, and the ending cash of the ABPA Loans Fund should have been reported as part of the Water Operating Fund.

Sewer Operating Fund

- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$163 belonging to the Sewer Operating Fund to Intergovernmental Receipts in the General Fund.
- The Village failed to post the Sewer Operating Fund first half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$115.
- The Village failed to post the Sewer Operating Fund second half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$17.

**FINDING NUMBER 2019-008**  
**(Continued)**

- The Village improperly posted a Mayor's Court payment to the Village (Fines, Licenses & Permits) in the amount of \$5,732 belonging to the General Fund to Charges for Services in the Sewer Operating Fund.

Water Operating Fund

- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$507 belonging to the Water Operating Fund to Intergovernmental Receipts in the General Fund.
- The Village failed to post the Water Operating Fund first half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$334.
- The Village failed to post the Water Operating Fund second half property taxes settlement for 2019 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$43.
- The Village improperly posted a bureau of worker's compensation refund (Miscellaneous Receipts) in the amount of \$1,529 to Charges for Services in the Water Operating Fund.
- The Village improperly posted a repayment of a finding for recovery in the amount of \$1,200 (Miscellaneous Receipts) to Charges for Services in the Water Operating Fund.
- The Village improperly posted utilities receipts (Charges for Services) in the amount of \$3,210 belonging to the Water Operating Fund to Charges for Services in the General Fund.

We Thrive Fund

- Beginning cash at January 1, 2019, all 2019 receipts, all 2019 disbursements, and ending cash at December 31, 2019 of the We Thrive Fund (an Internal Service Fund) should have been reported as a Special Revenue Fund.

Christmas Fund

- Beginning cash at January 1, 2019, all 2019 receipts, all 2019 disbursements, and ending cash at December 31, 2019 of the Christmas Fund (an Internal Service Fund) should have been reported as a Special Revenue Fund.

Notes to the Financial Statements

- Note 2 failed to report the Permissive Motor Vehicle License Tax Fund as a significant Special Revenue Fund and also failed to report the SCIP Road Fund as a significant Capital Projects Fund.
- Note 2 improperly reported that appropriations are established at the function or project level of control. Appropriations are established at the fund level. (See Finding Number 2019-026)
- Note 4 reported inaccurate amounts as follows:

	<b>Budgeted Receipts Reported in Note 4</b>	<b>Actual Budgeted Receipts</b>	<b>Variance</b>
Special Revenue Funds	\$171,553	\$169,661	\$1,892
Capital Projects Funds	157,343	201,790	(44,447)



**FINDING NUMBER 2019-008  
(Continued)**

- Note 4 omitted disclosure of budgeted versus actual expenditures.
- Note 5 improperly reported the carrying amount of deposits at December 31, 2019 as \$23,446. The actual carrying amount of deposits at December 31, 2019 was \$262,849.
- Note 5 failed to report that bank deposits were collateralized through the Ohio Pooled Collateral System (OPCS).
- Note 8 improperly reported the employer contribution percentage to the Ohio Public Employees Retirement System (OPERS) as 19.5%. The actual employer percentage was 14%.
- The notes omitted disclosures regarding post-employment benefits.
- Note 10 reported inaccurate amounts of outstanding principal on debt balances as follows:

<b>Issue</b>	<b>Outstanding Principal Reported at December 31, 2019</b>	<b>Actual Outstanding Principal at December 31, 2019</b>
Ohio Public Works Commission Loan #CB24E – Water System Replacement	\$90,015	\$73,068
Ohio Public Works Commission Loan #CT04E – Well Field Water Main Replacement	27,947	23,647
Ohio Public Works Commission Loan #CB007 – Water System Rehabilitation	2,650	0
PNC Capital Improvement Loan	36,990	13,229
Police Cruiser – Ford Municipal Lease	0	52,682
Cleves Waterline Interconnection Project	54,000	22,537
Ohio Water Development Authority (OWDA) Loan #5879 – Second Street Waterline Replacement	78,710	67,175
Ohio Public Works Commission Loan #CT29U - South Road Improvement Loan	129,300	0

- Note 10 reported disbursements of \$17,225 on a capital lease. The actual disbursements on the lease were \$18,991.
- The notes omitted disclosure of long-term debt amortization.
- The notes failed to include a subsequent events disclosure discussing the impact of COVID-19.

We identified the following conditions related to the Village’s financial statements and notes to the financial statements for the year ended December 31, 2018:

General Fund

- The Village failed to post the General Fund first half property taxes settlement for 2018. The gross amount of the settlement (Property & Other Local Taxes) was \$20,488 and the related fees / deductions were \$2,300.

**FINDING NUMBER 2019-008**  
**(Continued)**

- The Village failed to post the General Fund first half special assessments settlement for 2018. The gross amount of the settlement (Special Assessments) was \$1,633 and the related fees / deductions were \$48.
- The Village failed to post the General Fund second half property taxes settlement for 2018 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$694.
- The Village failed to post the General fund second half special assessments settlement for 2018 (Special Assessments) gross of related fees / deductions in the amount of \$60.
- The Village failed to post local government funding (Intergovernmental Receipts) belonging to the General Fund in the amount of \$1,484.
- The Village improperly posted local government funding (Intergovernmental Receipts) belonging to the General Fund in the amount of \$599 as Property & Other Local Taxes in the General Fund.
- The Village improperly posted Intergovernmental Receipts belonging to the General Fund in the amount of \$1,430 twice.
- The Village improperly posted Miscellaneous Receipts belonging to the General Fund in the amount of \$350 to Intergovernmental Receipts in the General Fund.
- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) belonging to the Fire Fund, Sewer Operating Fund, and Water Operating Fund to Property & Other Local Taxes in the General Fund. The amount of \$2,478 posted to the General Fund belonged to the Fire Fund, Sewer Operating Fund, and Water Operating Fund in the amounts of \$1,858, \$86, and \$534, respectively.
- The Village improperly posted Miscellaneous Receipts in the amount of \$29,841 belonging to the General Fund to Charges for Services in the General Fund.
- The Village failed to post Income Tax Receipts totaling \$75,859 belonging to the General Fund.
- The Village improperly posted a late fee in the amount of \$86 on a Ford Cruiser lease to Transportation expenditures in the General Fund. The late fee should have been posted to Interest & Fiscal Charges in the General Fund.
- The Village improperly posted Principal payments in the amount of \$4,540 and Interest & Fiscal Charges in the amount of \$1,566 on OWDA loans belonging to the Water Operating Fund; the payments were improperly posted in the total amount of \$6,106 to General Fund expenditures.
- The Village failed to post Principal payments in the amount of \$20,141 and Interest & Fiscal Charges in the amount of \$1,122 on a PNC loan to the General Fund.
- The Village failed to post lease payments in the amount of \$6,190 on a lease paid from the General Fund.
- At December 31, 2018 the Village improperly classified outstanding encumbrances (Assigned Fund Balance) in the amount of \$120,990 to Unassigned Fund Balance.

**FINDING NUMBER 2019-008  
(Continued)**

Permissive Motor Vehicle License Tax Fund

- The Village failed to post motor vehicle registration fees (Intergovernmental Receipts) in the amount of \$320 belonging to the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted motor vehicle registration fees (Intergovernmental Receipts) in the amount of \$4,849 belonging to the Permissive Motor Vehicle License Tax Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) belonging to the Street Construction Maintenance & Repair Fund and State Highway Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund. The amount of \$26,975 posted to the Permissive Motor Vehicle License Tax Fund belonged to the Street Construction Maintenance & Repair Fund and the State Highway Fund in the amounts of \$24,952 and \$2,023, respectively.
- The Village improperly posted permissive tax receipts (Intergovernmental Receipts) belonging to the Permissive Motor Vehicle License Tax Fund in the amount of \$1,986 to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted Intergovernmental Receipts in the amount of \$2,894 belonging to the Permissive Motor Vehicle License Tax Fund twice.

Street Construction Maintenance & Repair Fund

- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) in the amount of \$24,952 belonging to the Street Construction Maintenance & Repair Fund to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- The Village improperly posted Miscellaneous Receipts belonging to the Street Construction Maintenance & Repair Fund in the amount of \$1,000 to Property & Other Local Taxes in the Street Construction Maintenance & Repair Fund.

State Highway Fund

- The Village improperly posted gasoline excise taxes (Intergovernmental Receipts) belonging to the State Highway Fund in the amount of \$2,023 to Property & Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.

Fire Fund

- The Village failed to post the Fire Fund first half property taxes settlement for 2018. The gross amount of the settlement (Property & Other Local Taxes) was \$12,782 and the related fees / deductions were \$211.
- The Village failed to post the Fire Fund second half property taxes settlement for 2018 gross of related fees / deductions in the amount of \$192.
- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) belonging to the Fire Fund in the amount of \$1,858 to Property & Other Local Taxes in the General Fund.

**FINDING NUMBER 2019-008**  
**(Continued)**

Drug Law Enforcement Fund

- The Village failed to post a justice assistance grant (Intergovernmental Receipts) in the amount of \$884 to the Drug Law Enforcement Fund.
- The Village improperly posted Miscellaneous Receipts in the amount of \$4,193 belonging to the Drug Law Enforcement Fund to Intergovernmental Receipts in the Drug Law Enforcement Fund.

ABPA Loans Fund

- The Village improperly posted Charges for Services receipts in the amount of \$22,798 belonging to the Water Operating Fund to the APBA Loans Fund.
- Principal payments in the amount of \$22,964 and Interest & Fiscal Charges in the amount of \$1,597 on OPWC loans belonging to the Water Operating Fund were improperly posted to Interest & Fiscal Charges in the ABPA Loans Fund.
- Principal payments in the amount of \$12,309 and Interest & Fiscal Charges in the amount of \$742 on OWDA loans were improperly posted to Interest & Fiscal Charges in the ABPA Loans Fund.
- Beginning cash, all remaining receipts and disbursements, and the ending cash of the ABPA Loans Fund should have been reported as part of the Water Operating Fund.

Sewer Operating Fund

- The Village failed to post the Sewer Operating Fund first half property taxes settlement for 2018. The gross amount of the settlement (Property & Other Local Taxes) was \$1,716 and the related fees / deductions were \$26.
- The Village failed to post the Sewer Operating Fund second half property taxes settlement for 2018 (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$24.
- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$86 belonging to the Sewer Operating Fund. The receipts were improperly posted to Property & Other Local Taxes in the General Fund.

Water Operating Fund

- The Village failed to post the Water Operating Fund first half property taxes settlement for 2018. The gross amount of the settlement (Property & Other Local Taxes) was \$4,106 and the related fees / deductions were \$65.
- The Village failed to post the Water Operating Fund second half property taxes settlement (Property & Other Local Taxes) gross of related fees / deductions in the amount of \$61.
- The Village improperly posted property tax rollback receipts (Intergovernmental Receipts) in the amount of \$534 belonging to the Water Operating Fund. The receipts were improperly posted to Property & Other Local Taxes in the General Fund.
- The Village improperly posted Charges for Services receipts in the amount of \$22,970 belonging to the Water Operating Fund. The receipts were improperly posted to the ABPA Loans Fund.

**FINDING NUMBER 2019-008  
(Continued)**

- The Village improperly posted a Bureau of Worker's Compensation Refund (Miscellaneous Receipts) in the amount of \$773 belonging to the Water Operating Fund. The refund was improperly posted to Charges for Services in the Water Operating Fund.
- The Village improperly posted Principal Payments in the amount of \$3,086 and Interest & Fiscal Charges in the amount of \$1,475 on OPWC loans belonging to the Water Operating Fund; the Principal Payments and Interest & Fiscal Charges were improperly posted to Contractual Services expenditures in the Water Operating Fund.
- Principal payments in the amount of \$22,964 and Interest & Fiscal Charges in the amount of \$1,597 on OPWC loans belonging to the Water Operating Fund were improperly posted as expenditures of the ABPA Loans Fund.
- Principal payments in the amount of \$4,540 and Interest & Fiscal Charges in the amount of \$1,566 on OWDA loans belonging to the Water Operating Fund were improperly posted as expenditures of the General Fund.
- Principal payments in the amount of \$12,309 and Interest & Fiscal Charges in the amount of \$742 on OWDA loans belonging to the Water Operating Fund were improperly posted as expenditures of the ABPA Loans Fund.
- The Village failed to record OWDA Loan Proceeds in the amount of \$37,537 belonging to the Water Operating Fund.

We Thrive Fund

- Beginning cash at January 1, 2018, all 2018 receipts, all 2018 disbursements, and ending cash at December 31, 2018 of the We Thrive Fund (an Internal Service Fund) should have been reported as a Special Revenue Fund.

Notes to the Financial Statements

- Note 2 failed to report the Permissive Motor Vehicle License Tax Fund as a significant Special Revenue Fund and the SCIP Road Fund as a significant Capital Projects Fund.
- Note 2 improperly reported that appropriations are established at the function or project level of control. Appropriations are established at the fund level. (See Finding Number 2019-026)
- Note 4 omitted disclosure of budgeted versus actual expenditures.
- Note 5 failed to disclose the carrying amount of deposits at December 31, 2018. The carrying amount of deposits at December 31, 2018 was \$330,478.
- Note 5 failed to report that bank deposits were collateralized through OPCS.
- Note 8 improperly reported the employer contribution percentage to OPERS at 19.5%. The actual contribution percentage was 14%.
- The notes omitted disclosures regarding post-employment benefits.
- Note 10 reported inaccurate amounts of outstanding principal on debt balances as follows:

**FINDING NUMBER 2019-008  
 (Continued)**

<b>Issue</b>	<b>Outstanding Principal Reported at December 31, 2018</b>	<b>Actual Outstanding Principal at December 31, 2018</b>
Ohio Water Development Authority Loan #5879 – Second Street Waterline Replacement	\$78,710	\$71,862
Ohio Water Development Authority Loan #7471 – Cleves Waterline Interconnection	54,000	27,537
Police Cruiser – Ford Municipal Lease	0	71,673
PNC Capital Improvement Loan	36,900	33,894
Ohio Public Works Commission Loan #CT29U - South Road Improvement Loan	129,300	0

- Note 10 disclosed various inaccurate information regarding its Police Cruiser Ford Municipal Lease as follows:

<b>Disclosure</b>	<b>Amount Reported</b>	<b>Actual Amount</b>
Total Capital Lease Purchase Amount	\$69,148	\$81,962
Quarterly Payment Amount	4,774	5,709
Final Payment Due Date	January 14, 2018	April 24, 2022

- The notes omitted disclosure of long-term debt amortization schedules.
- The notes failed to include a subsequent events disclosure discussing the impact of COVID-19.

The financial statements, notes to the financial statements, and the Uniform Accounting Network (UAN) system have been adjusted for these errors, where applicable.

The Village did not have procedures in place for effective monitoring of the Village’s financial activity, and the accuracy of accounting and financial reporting. The Village Clerk has sole responsibility over accounting and financial reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and for financial statement preparation to assist in proper reporting of the Village’s financial activity. In addition, we recommend that Village Council adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**Officials’ Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-009</b>
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### **Internal Control Deficiency**

#### *Controls over Payroll Cycle*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that the accounting records are properly designed, verifying the existence and valuation of assets and liabilities, and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices, and to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions.

The Village did not implement adequate internal controls over the payroll cycle, as evidenced by the following conditions:

- The Village made a manual adjustment in the amount of \$56 for the pay period ended March 24, 2019 and another manual adjustment in the amount of \$18 for the pay period ended June 30, 2019, for a total of \$74, to reduce the Social Security withholdings of a Council Member. However, the Village actually remitted the \$74 on behalf of the Council Member. The manual adjustments had the effect of reducing by \$74 the employer portion of Social Security that the Village was responsible for.
- The Village withheld both Social Security and Ohio Public Employees Retirement (OPERS) for 15 pays in 2019 and 2018 for one employee. The employee was a member of OPERS. The Village partially corrected the error. The net uncorrected employee Social Security withholdings were \$177. This resulted in the employer portion of Social Security withholdings being overpaid by the Village by \$177.
- The Village had a negative tax offset correction in the amount of \$313 to an employee's gross pay for the pay period ending December 15, 2019 that was not supported. (See Finding Number 2019-004)
- For 13 regular pays in 2019 and two manual pays in 2019, the total employee Social Security withholdings as reported on the Paycor Payroll Journal did not agree to the total employer Social Security withholdings as reported on the Paycor Payroll Journal. Both the employee and employer withholdings percentage was 6.2%. The difference between these two amounts was \$294 and could not be explained.
- The Village switched its method of payroll processing from the Uniform Accounting Network (UAN) system to the Paycor system in May 2017. However, the Village continued to utilize the UAN system to process some payroll activity along with using the Paycor system in both 2019 and 2018. Also, the Village failed to post payroll data processed through the Paycor system to the UAN general ledger in 2019 and 2018. (See cash reconciliation Finding Number 2019-007)
- The Village posted \$1,624 of payroll activity to the Uniform Accounting Network (UAN) system in 2018 that was not supported.
- In 2019, the Village posted \$594 of payroll activity from the pay period ended June 5, 2019 and \$669 of payroll activity from the pay period ended October 23, 2019 to the Uniform Accounting Network (UAN) system that was not supported.
- In 2019, there were 35 instances totaling \$21,831 in which the Village double posted payroll expenditures to the UAN system.

**FINDING NUMBER 2019-009**  
**(Continued)**

- In 2019, the Village over adjusted gross pay for five employees in the Paycor system, causing their gross pay to be reported \$3,800 higher on Paycor system reports than the actual gross pay which was paid. Also, the Village under adjusted gross pay for one employee in the Paycor system, causing the employee's gross pay to be reported \$5,631 less than the actual gross pay for the pay period November 30, 2019.
- The last payroll paid in 2019 was \$34 higher than what was actually paid per the Paycor Pay Journal reports. This difference could not be explained.
- The Village provided payroll journals from Paycor that contained the wrong pay periods for 2018 and 2019 for bi-weekly employees. The first day listed on the payroll journals was actually the last day of the respective pay period.
- There was no evidence of the Village approving the pay rate of six employees in 2018. (See Finding 2019-035)
- The Village failed to maintain timesheets for six out of 44 (14%) pays tested in 2018 and five out of 43 (12%) pays in 2019. (See Finding 2019-035)
- An hourly employee retired from the Village and was paid out his remaining leave balances in 2018. The Village passed Resolution 2018-003 authorizing the employee to be paid out 100% of his 585.64 vacation leave hours and 25% of his 486.20 sick leave hours. However for the pay period ending October 21, 2018, he was paid out 585.64 vacation hours and only 31.60 sick hours, resulting in an underpayment of 89.95 hours totaling \$(1,512).
- There was one instance of an employee being overpaid \$62 in 2018 and two instances of an employee being overpaid a total of \$217 in 2019. (See Finding Number 2019-003)
- For five of 44 (11%) payroll disbursements tested in 2018, the Village paid employees for less hours than was listed on their respective timesheets by a total amount of \$194.
- For three of 44 (7%) payroll disbursements tested in 2018, the Village paid an employee less than their authorized hourly pay rate by five cents.
- For four of 43 (9%) payroll disbursements tested in 2019, the Village paid employees for less hours than was listed on their respective timesheets by a total amount of \$808.
- For two of 43 (5%) payroll disbursements tested in 2019, the Village paid an employee less than their authorized hourly pay rate by five cents.
- For 24 out of 38 (63%) applicable payroll disbursements tested in 2018, the Village manual timecards approved by Village Departments had different hours listed than the electronic Paycor Timecard Detail Report showing hours worked from employees clocking in and out.
- For 17 out of 19 (89%) applicable payroll disbursements tested in 2019, the Village manual timecards approved by Village Departments had different hours listed than the electronic Paycor Timecard Detail Report showing hours worked from employees clocking in and out.
- In 2018, there was one instance, in the amount of \$300, in which the Village failed to post UAN payroll expenditures to the Paycor System.

Also see Findings 2019-001 and 2019-003 regarding payroll overpayments.



**FINDING NUMBER 2019-009  
 (Continued)**

Failure to maintain accurate payroll records could result in a lack of financial accountability, errors in computing employees' gross pay, and increases the risk that theft, fraud, or errors could occur and not be detected in a timely manner.

We recommend the Village exercise due care in maintaining necessary payroll records and support.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-010</b>
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**Internal Control Deficiency**

*Leave Balances*

The Village should maintain accurate records of the leave balances of each employee.

The Village utilized the Uniform Accounting Network (UAN) system to track leave balances at December 31, 2017 and beginning January 1, 2018 the Village began to track employee leave usage and balances manually. Variances were noted between employee leave balances at December 31, 2017 per the UAN system and the January 1, 2018 manual records.

	<b>Leave Type</b>	<b>UAN Leave Balances (hours) at 12/31/17</b>	<b>Village Leave Balances (hours) at 1/1/18</b>	<b>Variance</b>
Employee 1	Sick Leave	319.20	625.10	(305.90)
Employee 2	Vacation Leave	15.10	52.60	(37.50)
Employee 3	Sick Leave	254.91	517.44	(262.53)
Employee 4	Vacation Leave	192.03	226.60	(34.57)
Employee 5	Sick Leave	329.50	803.29	(473.79)
Employee 6	Vacation Leave	216.88	165.00	51.88

In addition, variances were noted between the auditor recalculated leave balances and the Village's leave balances at December 31, 2019 and 2018:

	<b>Leave Type</b>	<b>Date</b>	<b>Village Leave Balance</b>	<b>AOS Recalculated Leave Balance</b>	<b>Variance (under) / over</b>
Employee 1	Sick Leave	12/31/19	729.85	738.55	(8.70)
Employee 2	Vacation Leave	12/31/19	114.70	116.00	(1.30)
Employee 3	Vacation Leave	12/31/19	326.90	299.80	27.10
Employee 4	Sick Leave	12/31/18	690.60	695.30	(4.70)
Employee 5	Vacation Leave	12/31/18	115.40	43.70	71.70
Employee 6	Sick Leave	12/31/18	382.27	373.91	8.36
Employee 7	Vacation Leave	12/31/18	204.60	188.60	16.00

Inaccurate leave balances could result in employees not receiving leave to which they are entitled, employees receiving more leave than they are entitled to, and underpayments or overpayments of leave balances upon separation from employment from the Village.

**FINDING NUMBER 2019-010  
(Continued)**

The Village should correct employee leave balances and maintain accurate records of leave accumulation, usage, and balances.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-011</b>
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**Noncompliance**

*Local Tax Withholdings & Remittances*

**Village Ordinance 2015-06(B)(1)** states that the annual tax for the Village is 1.5%. The tax is to be levied at a uniform rate on all persons residing in or earning or receiving income in the Village of Addyston. The tax is levied on income, qualifying wages, etc. The Regional Income Tax Agency (RITA) provides services to the Village for the collection of the village income tax. Therefore, local income tax withholdings for Village employees should be remitted to RITA by the Village.

The Village did not comply with Ordinance 2015-06 as follows:

- The Village under remitted the April 2019 local income tax withholdings by \$11.
- The Village under remitted the May 2019 local income tax withholdings by \$27.
- The Village under remitted the June 2019 local income tax withholdings by \$20.

In addition, we noted the following:

- The Village did not provide for audit the Regional Income Tax Agency (RITA) Report of Employer Municipal Tax Withholdings Statement for three out of three (100%) months tested in 2018.
- The Village did not provide for audit the Regional Income Tax Agency (RITA) Report of Employer Municipal Tax Withholdings Statement for three out of three (100%) months tested in 2019.

Failure to properly remit income taxes withheld to RITA may result in an incomplete accounting of employees who have properly paid local income taxes. We recommend the Village establish procedures to ensure that local income taxes are remitted properly.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-012</b>
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## Noncompliance

### *State Income Tax Withholdings & Remittances*

**Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

**Ohio Rev. Code § 5747.13(A)** provides that if any employer collects the tax imposed by section 5747.02 or under Chapter 5748 of the Revised Code and fails to remit the tax as required by law, or fails to collect the tax, the employer is personally liable for any amount collected that the employer fails to remit, or any amount that the employer fails to collect. If any employer, taxpayer, or qualifying entity required to file a return under this chapter fails to file the return within the time prescribed, files an incorrect return, fails to remit the full amount of the taxes due for the period covered by the return, or fails to remit any additional tax due as a result of a reduction in the amount of the credit slowed under division (B) of section 5747.05 of the Revised Code together with interest on the additional tax within the time prescribed by that division, the tax commissioner may make an assessment against any person liable for any deficiency for the period for which the return or taxes are due, based upon any information in the commissioner's possession.

The Ohio IT 501 form (Employer's Payment of State Tax Withheld) states that monthly payments must be remitted by the last day of the following month.

The Village did not comply with Ohio law as follows:

- The Village under remitted by \$10 the Ohio state tax withholdings for April 2019 to the Ohio Department of Taxation.
- The Village under remitted by \$23 the Ohio state tax withholdings for May 2019 to the Ohio Department of Taxation.
- The Village under remitted by \$24 the Ohio state tax withholdings for June 2019 to the Ohio Department of Taxation.

In addition, we noted the following:

- The Village failed to provide for audit the Ohio IT 501 form for three of three (100%) months tested in 2019.
- The Village failed to provide for audit the Ohio IT 501 form for three of three (100%) months tested in 2018.

Failure to accurately report and remit Ohio tax withholdings at the proper amounts may result in fines and penalties. To avoid unnecessary penalties and interest, we recommend the Village establish procedures to ensure that all liabilities to the Ohio Department of Taxation are reviewed and submitted when required.

This matter has been referred to the Ohio Department of Taxation.

### **Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-013</b>
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## Noncompliance

### *Federal Tax Withholdings & Remittances*

**26 U. S. C. § 3403** states the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

**26 U. S. C. § 3404** states if the employer is the United States, or a State, or a political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such State, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having controls of the payment of such wages, or appropriately designated for that purpose.

**Internal Revenue Service (IRS) Notice 931** states that the due date for Form 941 (Employer's Quarterly Federal Tax Return) is the last day of the month following the period for which the return was made. **IRS Notice 931** states that entities under the monthly deposit schedule shall deposit accumulated taxes on payments made during a calendar year by the 15<sup>th</sup> day of the following month.

The Village Clerk is responsible for making timely and accurate payments of federal tax withholdings to the IRS.

We noted the following conditions:

- The Village under-reported the April 2019 federal tax withholdings by \$77 and did not remit the \$77 to the IRS.
- The Village under-reported the May 2019 federal tax withholdings by \$180 and did not remit the \$180 to the IRS.
- The Village under-reported the June 2019 federal tax withholdings by \$139 and did not remit the \$139 to the IRS.

Failure to accurately report and remit federal tax withholdings could result in fines and penalties. We recommend the Village review and submit all liabilities to the IRS when required.

This matter has been referred to the Internal Revenue Service.

### **Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-014</b>
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## Noncompliance

### *Ohio Public Employees Retirement System (OPERS) Withholdings & Remittances*

**Ohio Rev. Code § 145.47(B)** provides that the fiscal officer of each local authority subject to this chapter shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable percent of each contributor's earnable salary at such intervals and in such form as the system shall require. The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employee, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer is filed thirty days or more after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

The Village did not comply with Ohio law as follows:

- The Village remitted and reported \$825 more on their June 2019 OPERS report than was actually withheld.
- The Village remitted \$2,946 and reported \$2,470 more on their May 2019 OPERS report than was actually withheld.
- The Village remitted \$502 and reported \$484 more on their April 2019 OPERS report than was actually withheld.
- The Village submitted its filing to OPERS for the May 2019 remittance on July 8, 2019, which was beyond the due date of July 1, 2019.
- The Village remitted and reported \$214 less on their September 2018 OPERS report than was actually withheld.
- The Village remitted \$180 and reported \$245 more on their August 2018 OPERS report than was actually withheld.
- The Village remitted \$2,769 and reported \$2,904 less on their July 2018 OPERS report than was actually withheld.
- For the July 2018 remittance, the Village submitted two filings to OPERS. One filing was made on September 10, 2018 and one filing was made on April 4, 2019. Both were submitted after the August 31, 2018 deadline.

Failure to accurately report and remit OPERS withholdings at the proper amounts and in a timely manner may result in fines and penalties. To avoid unnecessary fines and penalties, we recommend the Village review and submit all liabilities to OPERS when required.

This matter has been referred to the Ohio Public Employees Retirement System.

### **Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-015</b>
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**Noncompliance**

*Ohio Public Employees Retirement System (OPERS) Remittances*

**Ohio Rev. Code § 145.48** states that each employer shall pay to the public employees retirement system (OPERS) an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

The Ohio Public Employees Retirement System Board has set the employer contribution rate at fourteen percent of participating employee's earnable salary. The amount shall be contributed by the employer for each pay period.

The Village made the following errors related to OPERS employer withholdings during 2019 and 2018 as follows:

- The Village failed to remit a total of \$113 of employer OPERS contributions for Samuel Hickey's pay for the three pay periods ending September 22, 2019, October 6, 2019, and October 20, 2019.
- The Village failed to remit a total of \$326 of employer OPERS contributions for Ryan Jackson's pay for the three pay periods ending March 10, 2019, March 24, 2019, and April 7, 2019.
- The Village failed to remit a total of \$312 of employer OPERS contributions for Kaitlin Rager's pay for the nine pay periods ending May 19, 2019, June 2, 2019, June 16, 2019, June 30, 2019, July 14, 2019, July 28, 2019, August 11, 2019, August 25, 2019, and September 8, 2019.

Failure to accurately remit OPERS withholdings at the proper amounts may result in fines and penalties. To avoid unnecessary fines and penalties, we recommend the Village review and submit all liabilities to OPERS when required.

This matter has been referred to the Ohio Public Employees Retirement System of Ohio.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-016</b>
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**Noncompliance**

*Ohio Police and Fire Pension Fund (OP&F) Withholdings & Remittances*

**Ohio Rev. Code § 742.35** provides that each employer shall pay its police officer employers' contribution in monthly payments. The employer shall make each payment not later than the last day of the month after the month for which the police officer employee contributions were withheld. If an employer fails to make the payment installation by the date it is due, a penalty shall be determined and assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the payment is due to the date of payment.

**FINDING NUMBER 2019-016**  
**(Continued)**

**Ohio Rev. Code § 742.32 (A)** states that the fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be so transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period.

**Ohio Rev. Code § 742.32 (B)** states that a penalty determined under section 742.352 of the Revised Code shall be assessed if any of the following occur:

- (1) The report is received by the board after the due date or is not in the form required by the board.
- (2) Payments to cover the total amount due from the salaries of all employees of the employer are received by the board after the due date.

The penalty shall be added to and collected on the next succeeding regular employer billing. If the penalty is not paid within sixty days after it is added to the regular employer billing, interest at a rate determined by the board may be charged on the total amount due and the amount of the penalty from the date the amount is due to the date of payment.

**The Ohio Police & Fire Pension Fund Employer Manual** states that the member and employer contributions are due to OP&F monthly. These contributions, along with the Report of Retirement Deductions (payroll report) are due on the last day of the month following the month the wages are paid to the member. (Example: The member's earning period ends on Friday, August 27, the payroll report and related contributions are due on or before the last day in September.) Penalties will be assessed if an employer fails to submit reports or contributions by the due date.

The Village did not comply with Ohio law as follows:

- The Village remitted \$1,610 more than required for the January 2018 OP&F contributions.
- The Village remitted \$1,180 more than required for the February 2018 OP&F contributions.
- The Village remitted \$70 less than required for the March 2018 OP&F contributions.
- The Village remitted \$962 less than required for the April 2018 OP&F contributions.
- The Village remitted \$1,352 more than required and reported \$684 less than required for the July 2018 OP&F contributions.
- The Village remitted \$1,336 more than required for the September 2018 OP&F contributions.
- The Village remitted \$50 more than required for the May 2019 OP&F contributions.
- The Village remitted and reported \$684 more than required for the June 2019 OP&F contributions.
- The Village submitted its filing to OP&F for the September 2018 remittance on November 5, 2018 which was after the October 31, 2018 due date.

**FINDING NUMBER 2019-016  
 (Continued)**

- The Village submitted its filing to OP&F for the May 2019 remittance on July 8, 2019 which was after the June 30, 2019 due date.

Failure to accurately report and remit OP&F withholdings at the proper amounts and in a timely manner may result in fines and penalties. To avoid unnecessary fines and penalties, we recommend the Village establish procedures to ensure that all OP&F withholdings are remitted timely at the proper amount.

This matter has been referred to the Ohio Police and Fire Pension Fund.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-017</b>
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**Noncompliance**

*Accuracy of W-2 Forms*

**26 C.F.R. § 31.6051-1**, requires employers to accurately report gross wages on employee W-2 forms. The Village reported inaccurate amounts on certain 2019 and 2018 W-2 forms. The variances identified are noted in the tables below.

<b>Name</b>	<b>2019 Gross Wages Paid</b>	<b>2019 W-2 Box 5 Medicare Wages &amp; Box 18 Local Wages</b>	<b>Overstatement Amount</b>
Employee 1	\$18,600	\$20,150	\$1,550
Employee 2	18,600	20,150	1,550
Employee 3	3,600	3,900	300
Employee 4	2,400	2,800	400
Employee 5	7,200	8,680	1,480

<b>Name</b>	<b>2018 Gross Wages Paid</b>	<b>2018 W-2 Box 5 Medicare Wages &amp; Box 18 Local Wages</b>	<b>Understatement Amount</b>
Employee 1	\$3,600	\$3,300	\$(300)

Failure of the employer to accurately report wages and compensation on the employee W-2 forms may result in errors in amounts reported by the employee to the Internal Revenue Service and may also result in fines and penalties to the Village as the employer.

We recommend the Village establish controls to ensure that wages and compensation paid to employees are accurately reported on W-2 forms. Such controls might include reviewing Internal Revenue Service reporting guidelines and procedures for verification of the accuracy of W-2 forms prior to issuing the W-2 form to the employee.

This matter has been reported to the Internal Revenue Service.



**FINDING NUMBER 2019-017  
 (Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-018</b>
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**Internal Control Deficiency**

*Mayor's Court Bank Reconciliations & Accounting for Mayor's Court Activity*

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 the 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 Mayor's Court Clerk is responsible for reconciling the bank balance to the book balance on a monthly basis and the Mayor is responsible for reviewing the reconciliations and related supporting documentation. During 2019 and 2018, the Mayor's Court Clerk did not prepare monthly bank reconciliations to reconcile the Mayor's Court cash bank balance to the book balance as reported in the Mayor's Court Baldwin accounting system. Therefore, the Village retained the services of the Local Government Services Division of the Auditor of State to reconcile the account at December 31, 2019 and 2018.

Also, the Mayor's Court cash receipts and expenditures reported in the Baldwin accounting system did not correspond to the activity as reported in the Mayor's Court bank statements. The following variances were noted:

	<b>Amount per Mayor's Court Bank Statements</b>	<b>Amount per Baldwin Accounting System Reports</b>	<b>Variance</b>
2019 Receipts	\$112,469	\$109,099	\$3,370
2019 Disbursements	113,841	109,130	4,711
2018 Receipts	141,506	129,571	11,935
2018 Disbursements	127,695	129,294	(1,599)

Finally, for both 2019 and 2018, the Village did not record the beginning cash fund balance, cash receipts, cash disbursements, and ending cash fund balance in the Uniform Accounting Network (UAN) accounting system. Therefore, no amounts for Mayor's Court activity and cash fund balances were reported on the 2019 and 2018 financial statements submitted to the Auditor of State. The accompanying financial statements were corrected to reflect the Mayor's Court activity.

The conditions noted above indicate a failure to properly account for Mayor's Court activity, resulting in errors in financial reporting and an increased risk that additional errors, theft or fraud could occur and not be detected in a timely manner.

We recommend Village officials perform a detailed review of the processes and procedures for accounting for Mayor's Court activity. Controls should be established to help ensure the following:

**FINDING NUMBER 2019-018  
 (Continued)**

- Receipts and disbursements are accurately posted to the UAN accounting system and agree to the receipts and disbursements reported in the Mayor’s Court bank statements and Baldwin accounting system reports.
- Bank reconciliations are performed on a monthly basis, are reconciled to the Baldwin accounting system book balance, and are subject to written review and approval by the Mayor or a supervisor. The related support (such as reconciling items) should also be reviewed and the review should be documented.
- Mayor’s court activity and cash balances are reported in the UAN accounting system as an Agency/Custodial Fund.

**Officials’ Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-019</b>
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**Noncompliance/Internal Control Deficiency**

*Mayor’s Court*

**Ohio Rev. Code § 733.40** states that all monies collected shall be paid by the mayor to the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

**Ohio Rev. Code §§ 1907.24(C), 2303.201(C), 2743.70(A), 2949.091(A)-(B), and 3109.14** state that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state.

**Ohio Rev. Code § 1901.261** allows the Mayor’s Court to collect and requires the Mayor’s Court to remit court computerization costs collected on all cases to the Village Computerization Fund.

We identified the following conditions related to the above criteria:

- The monthly Mayor’s Court reports submitted to Council during 2019 and 2018 did not include a detailed list of individuals from whom money was collected and the purpose for which such money was collected.
- The Court collected various fines that were to be remitted to the State of Ohio under Ohio Rev. Code §§ 2949.091, 2743.070 and 3949.094. The Court did not remit to the State by the twentieth day of the month following collections for six of the 12 months (50%) in 2019 and nine of the 12 months (75%) in 2018.
- The Court collected monies for various fines and court costs from citations issued by the Village Police Department. The Court failed to remit collections to the Village on the first day of the month following the collections for eight of 12 months (66%) in 2019 and seven of 12 (58%) months in 2018.
- The Village failed to establish a Court Computerization Fund. All Court computerization monies were deposited into the General Fund.

**FINDING NUMBER 2019-019**  
**(Continued)**

- In 2019, the Village failed to remit to the State of Ohio \$2,303 and \$1,186 for the months of April and September, respectively.
- In 2018, the Village failed to remit to the State of Ohio \$1,201 and \$2,293 for the months of January and May, respectively.
- The following errors were noted in 2018 related to payments made to the State, County, and Village:

Payee	Date	Baldwin Accounting System Payment Amount	Actual Payment Amount	Variance Over / (under)
Village	May 2018	\$9,945	\$7,293	(\$2,652)
Village	October 2018	12,555	12,544	(11)
Village	November 2018	8,155	8,004	(151)
State of Ohio	April 2018	1,669	1,645	(24)
State of Ohio	October 2018	2,599	2,586	(13)
State of Ohio	November 2018	1,610	1,581	(29)
Hamilton County	May 2018	153	128	(25)

The Village should ensure that compliance requirements for the Mayor's Court are met by requiring an administrator or the Mayor to review the applicable requirements of the Ohio Rev. Code and to monitor adherence to those requirements.

We recommend the Village refer to Auditor of State Bulletins 2005-003, 1997-019, and 1993-002 for guidance regarding court computerization fees.

This matter will be referred to Hamilton County and the Treasurer of the State of Ohio.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-020</b>
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**Internal Control Deficiency**

*Controls over Utility Receipts Cycle and Utility Charges*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not implement adequate internal controls over the utility receipts cycle, as evidenced by the following conditions:

**FINDING NUMBER 2019-020**  
**(Continued)**

- The Village did not maintain duplicate receipts for receipts of cash, check, or money orders. Also noted in Finding 2019-035.
- There was a gap in the numerical order of manual receipts which are maintained for credit card payments.
- The Village did not use reports from the QuikWater computer billing system to support receipts and deposits made. As a result, the Village was unable to support the allocation of utility receipts between the Water Operating Fund and Sewer Operating Fund per Village Ordinance 2017-1.
- The Village did not reconcile utility receipts posted to the QuikWater computer billing system to bank deposits or to the receipts posted to the Uniform Accounting Network (UAN) accounting system.
- There were numerous instances of utility unit readings that were not in sequential order from month to month in the QuikWater computer billing system.
- In 2019, 33 of 72 (46%) customer utility billings tested were charged an incorrect rate. For the billings tested, the total amount undercharged was \$39,668 and the total amount overcharged was \$394.
- In 2018, 32 of 66 (48%) customer utility billings were charged an incorrect rate. For the billings tested, the total amount undercharged was \$2,073 and the total amount overcharged was \$158.
- In 2019, debit and credit adjustments to the QuikWater computer billing system accounts totaled \$266,483 and \$173,983, respectively. The Village maintained no documentation supporting the validity and approval of the 13 adjustments selected for testing.
- In 2018, debit and credit adjustments to the QuikWater computer billing system accounts totaled \$170,179 and \$532,096, respectively. The Village maintained no documentation supporting the validity and approval of the 11 adjustments selected for testing.
- Village Ordinance 2017-1 establishes water charges for residents and non-residents. The rate charged to residents for gallons of water in excess of 2,000 is \$7.25. The rate charged to non-residents in the Village of North Bend and Miami Township for gallons in excess of \$2,000 is \$4.75. The difference in the rate charged to residents versus non-residents may result in residents subsidizing non-residents for gallons in excess of 2,000.

Failure to establish processes, procedures, and controls over the accounting for utility receipts resulted in the following:

- An inability to support utility receipts.
- An inability to support the allocation of utility receipts to the Water Operating Fund and Sewer Operating fund.
- An inability to support that all receipts were posted to the QuikWater computer billing system and the Uniform Accounting Network system (UAN).
- An inability to support the validity and approval of debit and credit adjustments to customer utility accounts.
- An inability to support that receipts were deposited in the bank in a timely manner.

**FINDING NUMBER 2019-020  
(Continued)**

A lack of adequate internal controls over the utilities receipts cycle increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner.

We recommend Village officials perform a detailed review of the processes and procedures for the accounting of utility receipts. Controls should be established to help ensure the following:

- Duplicate receipts are issued for all utility payments received from customers.
- Daily detailed utility reports from the QuikWater computer billing system are prepared to support daily receipts, daily bank deposits, and postings to the UAN accounting system.
- Daily receipt postings and daily bank deposits are made in a timely manner.
- Allocations of utility receipts between the Water Operating Fund and Sewer Operating fund are properly and accurately made.
- Periodic supervisory review of utility rates charged are performed.
- Reconciliations of daily receipts posted to the QuikWater computer system to bank deposits and postings to the UAN system are performed and approved in writing by a supervisor.
- Adjustments to customer utility accounts are adequately documented and approved. Adjustment forms should be completed and approved by a supervisor. A record of all adjustments made should be submitted to the Board of Public Affairs for approval. In addition, a person independent of the adjustments process should reconcile authorized adjustments to adjustments posted to the QuikWater computer billing system to ensure that only authorized adjustments were posted.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-021</b>
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**Internal Control Deficiency**

*Budgetary Postings*

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the 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 the Council are precisely stated and accurately posted to the appropriation ledger.

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.

**FINDING NUMBER 2019-021  
 (Continued)**

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.

<b>Fund &amp; Year</b>	<b>Estimated Revenue per Certificate of Estimated Resources</b>	<b>Estimated Revenue Posted to UAN Accounting System</b>	<b>Variance</b>
General Fund – 2018	\$1,329,693	\$1,228,217	(\$101,476)
Street Construction Maintenance & Repair Fund - 2018	69,243	25,000	(44,243)
Fire Fund - 2018	81,728	58,707	(23,021)
ABPA Loans - 2018	39,742	45,000	5,258
Hitchens Park Fund - 2018	93,250	80,000	(13,250)
Water Operating Fund - 2018	141,767	141,600	(167)
Sewer Operating Fund- 2018	92,626	118,786	26,160
We Thrive Fund - 2018	2,273	10,572	8,299

<b>Fund &amp; Year</b>	<b>Appropriations Per Appropriation Resolution</b>	<b>Appropriations per UAN Accounting System</b>	<b>Variance</b>
General Fund – 2019	\$957,529	\$974,429	\$16,900
Street Construction Maintenance & Repair Fund - 2019	12,257	12,593	336
ABPA Loans Fund - 2019	51,000	49,978	(1,022)
General Fund – 2018	772,436	921,609	149,173
Fire Fund - 2018	62,000	79,500	17,500
Water Operating Fund - 2018	105,000	144,690	39,690
Sewer Operating Fund - 2018	139,500	96,000	(43,500)

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:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-022</b>
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**Noncompliance**

*Social Security Withholdings*

**Ohio Rev. Code § 145.034** states that public employees may elect to have earnings exempted from contributions to the Ohio Public Employees Retirement System (OPERS) by filing with the public employees retirement board a written request bearing a signature. The request shall be filed not later than ninety days after the date the member becomes subject to such tax on wages.

We noted the following instances in 2018 where both Social Security and OPERS were withheld from Village employees and no corrections were made:

- One Village employee had a total of \$34 withheld for Social Security in addition to OPERS withholdings for the pay periods ending June 17, 2018, July 1, 2018, July 15, 2018, and July 29, 2018. The Village remitted the \$34 employer portion of Social Security in addition to the employer portion of OPERS. The employee was enrolled in OPERS and should not have had any Social Security withheld.
- One Village employee had a total of \$94 withheld for Social Security in addition to OPERS withholdings for the pay periods ending September 9, 2018, September 23, 2018, October 7, 2018, October 21, 2018, November 4, 2018, November 18, 2018, and December 2, 2018. The Village remitted the \$94 employer portion of Social Security in addition to the employer portion of OPERS. The employee was enrolled in OPERS and should not have had any Social Security withheld.

We recommend the Village exercise due care to contribute to the proper retirement system.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-023</b>
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**Noncompliance**

*Minutes Records*

**Ohio Rev. Code § 121.22 (C)** requires that the minutes of a regular or special meeting of any such public body shall be promptly prepared, filed and maintained and shall be recorded and open to public inspection.

While the Village maintained minutes of regular and special meetings, certain Village minutes were not signed by at least two Village officials to certify that the minutes were approved as prepared.

- Two of 13 instances were noted in 2018 where the Mayor and the Village Clerk failed to sign the minutes.

Failure to obtain the required signatures for the minutes records could result in possible omissions or alterations to the minutes records.

We recommend Village officials establish procedures to ensure that all required signatures for the minutes are obtained.

**FINDING NUMBER 2019-023**  
**(Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-024</b>
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**Noncompliance**

*Credit Card Policy*

**Ohio Rev. Code § 717.31** states that a legislative authority of a municipal corporation that holds a credit card account on the effective date of this section shall adopt a written policy for the use of credit card accounts. Otherwise, a legislative authority shall adopt a written policy before first holding a credit card account.

The policy shall include provisions addressing all of the following:

- (1) The officers or positions authorized to use a credit card account;
- (2) The types of expenses for which a credit card account may be used;
- (3) The procedure for acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks;
- (4) The procedure for submitting itemized receipts to the village clerk or city auditor or the clerk's or auditor's designee;
- (5) The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards;
- (6) The municipal corporation's credit card account's maximum credit limit or limits;
- (7) The actions or omissions by an officer or employee that qualify as misuse of a credit card account.

The Village had several credit cards that were assigned to certain employees who make purchases on behalf of the Village. However, the Village did not have a written credit card policy in place. Failure to establish a written credit card policy may result in ambiguity regarding the types of purchases that may be made with credit cards, who is authorized to use credit cards, the supporting documentation required to document a credit card expenditure, the process for approval of credit card expenditures, and in potential misuse of credit cards. Also, failure to pay credit card balances in a timely manner results in unnecessary late fees.

In order to prevent unauthorized credit card purchases, we recommend the Village establish a written list of authorized credit card users and a policy that specifies the proper procedures for use of credit cards. The Village should comply with Ohio Rev. Code Section 717.31 *Policies for Use of Municipal Corporation Credit Card Accounts* effective November 2, 2018, which requires political subdivisions holding credit cards to adopt a written policy not later than February 2, 2019. Guidance for implementation of these policies can be found in Auditor of State Bulletin 2018-003.



**FINDING NUMBER 2019-024**  
**(Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-025</b>
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**Noncompliance**

*Failure to Properly Encumber*

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2019-025  
(Continued)**

Due to deficiencies in internal controls, the Village Clerk did not certify seven of 54 expenditures (13%) during 2019 and 23 of 63 expenditures (37%) during 2018 at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Village Clerk should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-026</b>
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**Noncompliance**

*Annual Appropriation Measure*

**Ohio Rev. Code § 5705.38(A)** states that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure.

**Ohio Rev. Code § 5705.38(C)** states appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village's annual appropriations for 2019 and 2018 were adopted at the fund level rather than at the required legal level of budgetary control.

Failure to adopt the budget at the legal level of control reduces accountability over expenditures and the Village's ability to properly monitor spending and compliance.

We recommend that the Village adopt its annual appropriations at the required legal level of control.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-027</b>
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**Noncompliance/Internal Control Deficiency**

*Allocation of Interest*

**Ohio Rev. Code § 5705.10(D)** requires that all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid to the General Fund. Further, 1982 Op. Atty. Gen. No. 82-031 determined that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

The Village improperly posted all interest to the General Fund in 2019. The Street Construction, Maintenance, and Repair Fund and the State Highway Fund should have received interest on the principal from the motor vehicle license and fuel tax. The Village's interest revenue totaled \$281 for 2019. For 2019 the amounts to be allocated to funds other than the General Fund were immaterial. In fiscal year 2018, the Village earned interest that was not posted to the accounting system.

Failure to post interest to the correct funds can result in amounts not being allocated per the requirements of the Ohio Rev. Code and misstated cash fund balances.

We recommend the Village implement procedures to ensure that all interest received is posted to the correct funds.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-028</b>
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**Noncompliance**

*Appropriations In Excess of Estimated Resources*

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2018 the Village's appropriations exceeded the amount certified as available by the budget commission in the Sewer Operating Fund by \$46,874.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Council to reduce the appropriations.

**FINDING NUMBER 2019-028  
 (Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-029</b>
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**Noncompliance**

*Negative Fund Balances*

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

Per the Uniform Accounting Network (UAN) system unadjusted cash balances, the following negative fund balances existed:

<b>Date</b>	<b>Fund</b>	<b>Amount of Negative Fund Balance</b>
December 31, 2019	Hitchens Capital Project Fund	(\$320)
December 31, 2018	Water Operating Fund	(\$596)

After audit adjustments, the following negative fund balances existed:

<b>Date</b>	<b>Fund</b>	<b>Amount of Negative Fund Balance</b>
December 31, 2019	Hitchens Capital Project Fund	(\$320)
December 31, 2019	Permissive Motor Vehicle License Tax Fund	(\$64,081)
December 31, 2019	FEMA Fund	(\$9,843)
December 31, 2019	Water Operating Fund	(\$8,143)
December 31, 2018	Permissive Motor Vehicle License Tax Fund	(\$34,854)
December 31, 2019	Water Operating Fund	(\$86)

Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure(s) and control(s), such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**FINDING NUMBER 2019-029**  
**(Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-030</b>
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**Noncompliance**

*Expenditures in Excess of Appropriations*

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Fire Fund had expenditures in excess of appropriations of \$15,554 as of December 31, 2018.

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

The Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Village Clerk should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-031</b>
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**Noncompliance**

*Timely Deposits*

**Ohio Rev. Code § 9.38** states public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of the daily receipts does not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting the officials who receive monies to hold it past the next business day, but the deposit must be made no later than three days after receiving it. The Village has not established such a policy.

Due to incomplete and inadequate pay-in records, we were unable to determine if the receipts described below had been deposited timely:

- For 2019, two of five (40%) receipts for Fines, Licenses, and Permits totaling \$3,642.
- For 2019, four of eight (50%) receipts for Miscellaneous items totaling \$17,203.
- For 2018, two of five (40%) receipts for Fines, Licenses, and Permits totaling \$3,383.

**FINDING NUMBER 2019-031  
(Continued)**

- For 2018, four of five (80%) receipts for Charges for Services totaling \$16,935.
- For 2018, one of five (20%) receipts for Miscellaneous items totaling \$100.

Failure to properly prepare pay-in records reduces accountability for cash receipts and may result in noncompliance with the requirements governing timely deposit.

We recommend the Village implement control procedures to ensure that all pay-in records document and support the date of collection and the date of deposit.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-032</b>
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**Noncompliance**

*Village Clerk Training*

**Ohio Rev. Code § 733.27** states that the village clerk shall attend training programs for new village clerks and annual training programs of continuing education for village clerks that are provided by the Auditor of State pursuant to section 117.44 of the Revised Code.

The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State, that states the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only (Ohio Rev. Code § 135.22):

- (1) Interim deposits pursuant to Ohio Rev. Code § 135.14(B)(3) or 135.145 (CDAR and similar programs);
- (2) STAR Ohio pursuant to Ohio Rev. Code § 135.14(B)(6);
- (3) No-load money market mutual funds pursuant to Ohio Rev. Code § 135.14(B)(5).

The Village Clerk did not complete an exemption form or complete the required training for 2019 and 2018.

We recommend the Village Clerk obtain the required training.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-033</b>
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**Noncompliance**

*Village Treasurer Training*

**Ohio Rev. Code § 733.81(C)** states that a newly elected or appointed treasurer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed during the treasurer's first term. Twelve hours of training shall be completed for each subsequent term.

The Village Treasurer did not complete the required continuing education for 2018 and 2019.

Failure to obtain the required continuing education may result in a lack of understanding of reporting and compliance issues relevant to the Village.

We recommend the Village Treasurer obtain the required continuing education.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-034</b>
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**Noncompliance**

*Public Records Training*

**Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

The Village Mayor and elected Council members did not attend training on Ohio's Public Records Laws also did not designate someone to attend on their behalf during their term of office, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-035</b>
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## Noncompliance

### *Destruction of Records*

**Ohio Rev. Code § 149.351** provides that no public records shall be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code Sections 149.38 to 149.42.

The Village failed to locate the following records:

- Duplicate receipts for utility receipts received by cash, check and money orders for both 2019 and 2018. (Also noted in Finding 2019-020.)
- Approval for six out of 26 (23%) employee pay rates in 2018. See Finding 2019-009.
- Six out of 44 (14%) timesheets for bi-weekly pays tested in 2018. See Finding 2019-009.
- Five out of 43 (12%) timesheets for bi-weekly pays tested in 2019. See Finding 2019-009.
- Voided check #85100 in the amount of \$6,385 dated December 27, 2019.
- The Village did not provide leave request forms for four out of ten (40%) leave requests and three out of ten (30%) leave requests in fiscal year 2018 and 2019, respectively.
- Support for \$25,000 of receipts in 2019 Advance on the Hitchens Park Grant from the State of Ohio - Ohio Department of Natural Resources.
- The Village did not provide the Regional Income Tax Agency (RITA) Report of Employer Municipal Tax Withholdings Statement for three out of three (100%) months tested in 2018. See also Finding 2019-011.
- The Village did not provide the Regional Income Tax Agency (RITA) Report of Employer Municipal Tax Withholdings Statement for three out of three (100%) months tested in 2019. See also Finding 2019-011.
- The Village failed to provide for audit the Ohio IT 501 form for three of three (100%) months tested in 2018. See also Finding 2019-012.
- The Village failed to provide for audit the Ohio IT 501 form for three of three (100%) months tested in 2019. See also Finding 2019-012.

A lack of internal controls increases the risk that theft, fraud, or errors could occur and not be detected in a timely manner.

The Village should develop policies and procedures outlining the security of all records or take a written inventory of all records, noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule. We recommend the Village Clerk maintain supporting documentation for all transactions.



**FINDING NUMBER 2019-035**  
**(Continued)**

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-036</b>
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**Noncompliance**

*Filing of Annual Financial Reports*

**Ohio Rev. Code § 117.38** requires that local public offices file an annual financial report with the Auditor of State. All entities are required to file annual financial reports with the Auditor of State electronically via the Hinkle Annual Financial Data Reporting System (Hinkle System).

The Village utilized the cash regulatory basis of accounting to comply with the financial reporting requirements. Cash basis regulatory financial statements must be submitted to the Auditor of State within 60 days of fiscal year end, and must contain the following:

- Statement or Combined Statement of Receipts, Disbursements, and Changes in Fund Balances - Governmental, Proprietary and Fiduciary, as applicable; and
- Notes to the Basic Financial Statements.

**Ohio Rev. Code § 117.38** imposes a penalty of \$25 per day (\$750 maximum) for entities that file late or fail to file.

The Village filed their 2018 and 2019 financial statements on March 15, 2019 and June 10, 2020 respectively, which were past the deadline.

Failure to file a complete annual financial report on a timely basis may be an indication that the public office's records have not been maintained sufficiently for audit purposes and may result in the imposition of a penalty and delays in the audit process.

To ensure compliance with the Ohio Revised Code filing requirements, we recommend that the Village review the requirements of Auditor of State Bulletin 2015-007, *Required Annual Financial Reporting by Public Offices and Other Entities*.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-037</b>
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**Internal Control Deficiency**

*Payroll Cycle*

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 on the payroll system.

The Village delegated payroll processing and reporting, which is a significant accounting function, to a third-party administrator, Paycor Incorporated (Paycor). Paycor received an unmodified Type 2 System and Organization Control (SOC) 1 opinion for the period January 1, 2018 through November 30, 2019. However, the processes of Paycor were designed with the assumption that certain controls would be implemented by the Village.

The Type 2 SOC 1 report identifies user entity controls that should exist at the Village in order for the Village to rely on the Paycor controls; however, the Village failed to implement procedures to ensure controls were in place for payroll processing and reporting.

The Village should establish controls to ensure the following:

- Access to personal computers, terminals, and client networks is properly controlled and restricted to authorized personnel.
- Transactions are properly authorized, complete, and accurate through monitoring performed by Council or an administrator.
- Output reports are timely reviewed for completeness and accuracy, and discrepancies noted are investigated and timely communicated to Paycor.
- Output from applications is regularly balanced to relevant control totals.
- Payroll output is retained for a designated length of time to satisfy all Federal, state, and local payroll, workers' compensation, and tax compliance agencies.
- Federal, state, and local employment tax forms, tax documents, tax notices, or other tax correspondence with respect to any tax return or deposit made by Paycor is maintained.

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

In establishing and implementing controls, the Village should refer to the complementary user entity controls listed in the Paycor Type 2 SOC 1 Report.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-038</b>
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**Noncompliance**

*Law Enforcement Trust Fund*

**Ohio Rev. Code § 2925.03(F)(2)** requires a written internal control policy for the receipt and use of drug fine monies receipted in to the Law Enforcement Trust Fund. The policy should address the law enforcement agency's use and disposition of all drug fine moneys received, and require using detailed financial records of the receipts of the fine moneys, the general types of expenditures made of this fine money, and the specific amount of each general type of expenditure. The policy shall not provide for or permit the identification of any specific expenditure made for an ongoing investigation.

**Ohio Rev. Code § 2925.03(F)(1)** requires the clerk of a court to pay any mandatory fine imposed pursuant to division (D)(1) of this section and any fine other than a mandatory fine imposed for a violation of this section pursuant to division (A) or (B)(5) of section 2929.18 of the Revised Code to the law enforcement agency that was primarily responsible for or involved in making the arrest of, and in prosecuting, the offender. However, the Clerk shall not pay a mandatory fine so imposed to a law enforcement agency unless the agency has adopted a written internal control policy under division (F)(2) of this section that addresses the use of the fine moneys that it receives.

The Village did not establish a written internal control policy related to its Law Enforcement Trust Fund. Failure to establish such a policy could lead to ambiguity and misuse related to the expenditures related to the Law Enforcement Trust Fund. Furthermore, the absence of a written policy prohibits the Clerk of Courts from paying mandatory fines to the Law Enforcement Trust Fund.

We recommend the Village establish a written internal control policy related to its Law Enforcement Trust Fund and that such policy be approved by Council in the minutes.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-039</b>
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**Internal Control Deficiency**

*Audit Committee*

The Village should establish an Audit Committee to serve as a liaison between management and its auditors. The primary functions of such a Committee are to monitor and review the Village's accounting and financial reporting practices, and to follow-up on citations and recommendations made by its auditors. The Audit Committee should be actively involved in the following:

- Evaluating the Village's system of internal control and providing any recommendations for improvement;
- Meeting with the auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit; and
- Ensuring that the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

**FINDING NUMBER 2019-039  
(Continued)**

The Village has not formally established an Audit Committee.

Failure to have an Audit Committee posts a risk to the effectiveness of the system of internal controls. We recommend the Village establish an Audit Committee.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-040</b>
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**Internal Control Deficiency**

*Internal Audit Process*

The Village Clerk has established written internal audit procedures which state that "It shall be the duty of the Finance Committee, no later than the end of the month following the expiration of each quarterly period, to properly audit the books and records of the Village Clerk and Treasurer. The Committee Chair shall submit and read the written report during a regular Council meeting. A motion to accept the audit is required. A copy of the accepted audit shall be included in the Village minutes."

The Village's Finance Committee failed to conduct the quarterly audits.

Failure of the Finance Committee to conduct the quarterly audits results in a lack of oversight over internal control and increases the likelihood of misstatements in the books and records of the Village. We recommend the Village Council formerly approve in the minutes the written internal audit procedures established by the Village Clerk and that the Village Finance Committee conduct the quarterly internal audits and provide written reports evaluating the results of the audits to the Village Council for approval in the minutes.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-041</b>
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**Internal Control Deficiency**

*Information System Controls*

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of fund balances and periodically reconciling them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

We noted the following internal control deficiencies related to the information systems software utilized by the Village:

**FINDING NUMBER 2019-041**  
**(Continued)**

- The Village did not compare system reports from the Baldwin system (the Mayor's Court computer system) to underlying source documentation.
- The Village had not developed any formal security policies related to the Baldwin system (the Mayor's Court computer system) or the QuikWater system (the Utilities Department computer system), nor did the Village have procedures in place to monitor unauthorized access to these computer systems.

Failure to periodically compare systems information to source documentation increases the likelihood of misstatements as well as fraud, waste, and abuse. Failure to develop and implement formal security policies could lead to unauthorized access of financial data which also increases the risk of fraud, waste, and abuse.

We recommend the Village compare systems reports from the Baldwin system (Mayor's Court computer system) to the underlying source documentation for accuracy of input. We also recommend the Village design and implement formal security policies related to all information systems software utilized by the Village.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.

<b>Finding Number</b>	<b>2019-042</b>
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**Internal Control Deficiency**

*Disaster Recovery Plan*

Adequate plans should exist for the recovery of critical computer resources following an event that disrupts data processing services for an extended period of time.

During the engagement period, the Village used Baldwin software for the Mayor's Court, QuikWater software for the Utilities Department, and the Uniform Accounting Network (UAN) for the Village's accounting software. The Village did not have a documented disaster recovery plan for any of these systems. The lack of a plan could result in the Village's inability to reestablish systems essential to data processing in an efficient manner, or at all, in the event of a disaster. Without proper planning, the delay in recovering critical computer resources may be longer than otherwise necessary.

We recommend the Village adopt a disaster recovery plan to adequately address contingencies following a disruption to its data processing functions. Such a plan should, at a minimum, address the following:

- Documented applications profile, inventory of equipment, and system configuration.
- Prioritization of application processing based on a study of all critical applications to assess the maximum period the Village can afford an absence of its data processing function.
- Documented procedures for restoring application data and system backups.
- Procedures for daily operations, including operator duties.
- Secured reciprocal agreement with a neighboring entity, using a comparable computer system, to share computer facilities in the event of a disaster.

**FINDING NUMBER 2019-042  
(Continued)**

- Those responsible for implementing the plan following a disaster should be made aware of their duties and be given a copy of the plan.

Several copies of the plan should be kept off-site in the event the on-site copies are destroyed during a disaster. In addition, the plan should be updated and tested periodically, to ensure that it is current and will work as intended by management.

**Officials' Response:**

The Council of the Village of Addyston has agreed to hire an accounting firm to review and correct findings and discrepancies from the 2016-2019 findings by the State of Ohio. Council is doing this in an effort to clearly understand each finding and help us put processes in place to permanently reduce such findings.



# Village of Addyston... INCORPORATED

ON THE NATIONAL REGISTER OF HISTORIC PLACES  
ADDYSTON, OHIO 45001



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 & 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding for Recovery Repaid Under Audit was issued against former Police Chief Dorian LaCourse in the amount of \$4,471. Finding was issued because an inaccurate amount for the employee share of the Ohio Police and Fire Pension (OP&F) withholding was deducted from Mr. LaCourse's gross pay.	Finding for Recovery 2017-001 was repaid under audit.	Finding for Recovery Repaid Under Audit 2019-001 in the amount of \$2,368 also issued because an inaccurate amount of OP&F was withheld during 2018. This finding was repaid under audit.
2017-002	Finding for Recovery was issued against Village Clerk Margaret Dozier in the amount of \$643. Finding was issued due to failure to make timely payments to the pension systems, resulting in penalties and interest.	Finding for Recovery 2017-002 was not repaid.	Finding for Recovery 2019-002 in the amount of \$1,262 also issued due to failure to make timely payments to the pension systems, resulting in penalties and interest.
2017-003	Findings for Recovery in the total amount of \$4,972 were issued against numerous individuals due to inaccurate payments of wages.	Eric Winhusen – repaid \$1,100 of Finding for Recovery 2017-003 issued in the amount of \$1,220.  Bernard Thomas – repaid \$2,600 of Finding for Recovery 2017-003 issued in the amount of \$2,600.	Finding for Recovery Repaid Under Audit 2019-003 in the total amount of \$279 also issued due to inaccurate payments of wages. All findings were repaid under audit.

		<p>Phillip Bovard repaid \$50 of Finding for Recovery 2017-003 issued in the amount of \$50.</p> <p>Dan Dalton repaid \$50 of Finding for Recovery 2017-003 issued in the amount of \$50.</p> <p>Margaret Dozier repaid \$50 of Finding for Recovery 2017-003 issued in the amount of \$50.</p> <p>Lisa Mear repaid \$50 of Finding for Recovery 2017-003 issued in the amount of \$50.</p> <p>Natalie Thomas repaid \$50 of Finding for Recovery 2017-003 issued in the amount of \$50.</p> <p>Robert Bast repaid \$134 of Finding for Recovery 2017-003 issued in the amount of \$134.</p> <p>Donald McWhorter repaid \$192 of Finding for Recovery 2017-003 issued in the amount of \$192.</p> <p>Jackie Buchert repaid \$177 of Finding for Recovery 2017-003 issued in the amount of \$177.</p> <p>Jerome Brinkman – Finding for Recovery 2017-003 issued in the amount of \$345 was determined to be invalid and was</p>	
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		resolved by the Auditor of State and Ohio Attorney General.  Angela Byers repaid \$54 of Finding for Recovery 2017-003 issued in the amount of \$54.	
2017-004	Finding for Recovery was issued against Village Clerk Margaret Dozier in the amount of \$603. Finding was issued due to failure to make credit card payments in a timely manner, resulting in late fees.	Finding for Recovery 2017-004 was not repaid.	Reissued as Finding #2019-006 for credit card fees in the amount of \$241.
2017-005	Noncompliance with Ohio Rev. Code sections 1907.24(C), 2303.201(C), 2743.70(A), 2949.091(A)-(B), and 3109.14, which state that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state.	Not corrected.	Reissued as Finding #2019-019.
2017-006	Internal Control Deficiency/Noncompliance – Finding for Adjustment. This finding was issued due to the following: (1) noncompliance with Ohio Rev. Code section 5705.10(l) which provides that money paid into any fund shall be used only for the purposes for which such fund was established; and (2) numerous errors in posting of receipts and disbursements to the accounting system, resulting in Findings for Adjustment.	Not corrected.	Reissued as Finding #2019-008.
2017-007	Internal Control Deficiency reported due to the failure of the Village to prepare accurate monthly bank to book reconciliations for each month of 2017 and 2016.	Not corrected.	Reissued as Finding 2019-007.
2017-008	Internal Control Deficiency reported due to the following conditions related to the Mayor's Court: (1) failure of the Mayor's Court Clerk to prepare monthly bank reconciliations during 2017 and 2016 to reconcile the Mayor's Court bank balance to the book balance; and (2) variances noted between Mayor's Court receipts and expenditures as reported in the Baldwin accounting system and receipts and disbursements as reported in the Mayor's Court bank statements.	Not corrected.	Reissued as Finding 2019-018.
2017-009	Noncompliance with Ohio Rev. Code section 117.38 which requires that local public offices file an annual financial report with the Auditor of State. For 2017 and 2016, the Village's annual reports were inaccurate and incomplete.	Not corrected.	Reissued as Finding #2019-036.

2017-010	Internal Control Deficiency reported due to numerous conditions noted related to accounting for payroll disbursements and a failure to maintain accurate payroll records.	Not corrected.	Reissued as Finding #2019-009.No
2017-011	Internal Control Deficiency reported due to the failure of the Village to implement procedures to ensure that controls were in place over payroll processed by Paycor Inc.	Not corrected.	Reissued as Finding #2019-037.
2017-012	Noncompliance with Village Ordinance 2015-06(B)(1) requiring the Village to properly withhold local income taxes. The following conditions were noted: (1) under-reporting of local wages on W-2 forms; and (2) underpayments and overpayments of local income tax remittances.	Not corrected.	Reissued as Finding #2019-011.
2017-013	Noncompliance with Ohio Rev. Code section 5747.13(A) related to state tax withholdings and remittances. The following conditions were noted: (1) April 2017 Ohio state tax withholdings were not remitted timely to the Ohio Treasurer of State; (2) November 2017 Ohio state tax withholdings were over-reported and overpaid to the Ohio Treasury of State; and (3) the Village failed to provide for audit Ohio IT 501 forms.	Not corrected.	Reissued as Finding #2019-012.
2017-014	Noncompliance with 26 United States Code Section 3403 and 3404 and Internal Revenue Service (IRS) Notice 931. The following conditions were noted: (1) instances of over-reporting and under-reporting of federal tax withholdings to the IRS; (2) instances in which the Village did not remit federal tax withholdings in a timely manner.	Not corrected.	Reissued as Finding #2019-013.
2017-015	Noncompliance with Ohio Rev. Code section 742.35 related to Ohio Police and Fire (OP&F) withholdings and remittances. Instances were noted in which OP&F withholdings were under-paid and over-paid.	Not corrected.	Reissued as Finding #2019-016.
2017-016	Noncompliance with Ohio Rev. Code section 145.47(B) related to Ohio Public Employees Retirement System (OPERS) withholdings and remittances. Instances were noted in which OPERS withholdings were under-paid and over-paid.	Not corrected.	Reissued as Finding #2019-014 and #2019-015.
2017-017	Due to insufficient policies and procedures, the Village Clerk did not issue Form 1099's for either 2017 or 2016.	Corrected.	
2017-018	Numerous instances were noted in which amounts per the official budgetary legislation (Certificate of Estimated Resources and Appropriations Resolutions)	Not corrected.	Reissued as Finding #2019-021.

	did not agree to postings to the accounting system (Uniform Accounting Network).		
2017-019	Numerous instances were noted in which leave balances as recalculated by the Auditor of State did not agree to the balances as reported by Paycor on December 31, 2017.	Not corrected.	Reissued as Finding #2017-010.
2017-020	Noncompliance with Ohio Rev. Code section 9.38 related to timely deposit of receipts. Instances were noted in which the Village failed to timely post receipts in 2017 and 2016.	Not corrected.	Reissued as Finding #2019-031.
2017-021	Noncompliance with Ohio Rev. Code section 5705.10(D) related to allocation of interest. During 2017 and 2016, the Village posted all interest to the General Fund. The Street Construction, Maintenance and Repair Fund and the State Highway Fund should have received interest on the principal from the Permissive Motor Vehicle License Tax Fund.	Not corrected.	Reissued as Finding #2019-027.
2017-022	Noncompliance with Ohio Rev. Code section 733.81(C) related to training of the Village Treasurer. During 2017 and 2016, the Village Treasurer did not complete the required continuing education.	Not corrected.	Reissued as Finding #2019-033.
2017-023	Noncompliance with Ohio Rev. Code section 149.43(B)(2) related to the failure of the Village to have a records retention policy/schedule adopted by the Council and posted at a location readily available to the public.	Corrected.	
2017-024	Noncompliance with Ohio Rev. Code sections 2925.03(F)(2) and 2925.03(F)(1) related to the Law Enforcement Trust Fund. The Village did not establish and written internal control policy related to its Law Enforcement Trust Fund. The absence of a written policy prohibits the Clerk of Courts from paying mandatory fines to the Law Enforcement Trust Fund.	Not corrected.	Reissued as Finding #2019-038.
2017-025	Internal Control Deficiency reported due to the failure of the Village to maintain social security exemption forms and/or pension enrollment forms in the employee personnel files for 4 of 7 (57%) of employees tested.	Corrected.	
2017-026	Internal Control Deficiency reported due to failure of the Village Finance Committee to conduct quarterly internal audits as required by written internal audit procedures.	Not corrected.	Reissued as Finding #2019-040.
2017-027	Internal Control Deficiency reported due to failure of the Village to establish an audit committee.	Not corrected.	Reissued as Finding #2019-039.

2017-028	Noncompliance with Ohio Rev. Code section 5705.41(B) reported due to expenditures in excess of appropriations at December 31, 2017 in the Fire Fund.	Not corrected.	Reissued as Finding #2019-030.
2017-029	Noncompliance with 26 C.F.R. 31.6051-1 requiring employers to accurately report gross wages on employees' W-2 forms. Instances were noted in 2017 and 2016 in which inaccurate amounts of gross wages were reported on W-2 forms.	Not corrected.	Reissued as Finding #2019-017.
2017-030	Noncompliance with Ohio Rev. Code section 5705.41(D) and 5705.36(A)(1) related to the failure of the Village to follow procedures for certifying expenditures and the availability of funds.	Not corrected.	Reissued as Finding #2019-025.
2017-031	Noncompliance with Ohio Rev. Code section 149.351 related to destruction of records. Numerous instances were noted in which the Village failed to provide records for audit.	Not corrected.	Reissued as Finding #2019-035.
2017-032	Noncompliance with Ohio Rev. Code section 733.27 related to training of the Village Clerk. The Village Clerk did not complete the required training for 2016 or file an exemption form for the required training.	Not corrected.	Reissued as Finding #2019-032.
2017-033	Noncompliance with Ohio Rev. Code section 5705.10(l) related to negative fund balances. At December 31, 2017, the Village had a deficit fund balance of (\$596) in the County Water Fund (fund 5102).	Not corrected.	Reissued as Finding #2019-029
2017-034	Noncompliance with section 149.43(E)(1) of the Ohio Rev. Code requiring all elected officials or their designees to attend at least 3 hours of training on Ohio Public Records Law during each term of office. The Village Mayor and Council members did not attend the required training or designate someone to attend on their behalf during their terms of office.	Not corrected.	Reissued as Finding #2019-034.
2017-035	Internal Control Deficiency reported due to the failure to properly report fund balance classifications in the Drug Law Enforcement Fund at December 31, 2017 and in the General Fund at December 31, 2017 and 2016.	Corrected.	
2017-036	Finding for Recovery Repaid Under Audit reported related to Village Clerk's use of a Village credit card for a personal charge.	Finding for Recovery repaid under audit.	Fully corrected.
2017-037	Internal Control Deficiency reported due to failure of the Village to have a written credit card policy in place documenting procedures for usage of its credit cards.	Not corrected.	Reissued as Finding #2019-024.

2017-038	Noncompliance/Internal Control Deficiency reported related to noncompliance with Ohio Rev. Code sections 733.40, 1907.24(C), 2303.201(C), 2743.70(A), 2949.091(A)-(B), 3109.14 and 1901.261. Numerous instances of noncompliance with Mayor's court requirements as established by the Ohio Rev. Code were noted.	Not corrected.	Reissued as Finding #2019-019.
2017-039	Noncompliance with section 121.22(C) of the Ohio Rev. Code related to maintenance of the Village's minute records. Numerous instances were noted in which the Village's minutes records were incomplete and/or not signed by at least 2 Village officials to certify that the minutes were approved as prepared.	Not corrected.	Reissued as Finding #2019-023.
2017-040	Internal Control Deficiency reported due to failure of the Village to establish a disaster recovery plan for any of its computer systems.	Not corrected.	Reissued as Finding 2019-042.
2017-041	Internal Control Deficiency reported due to the failure of the Village to implement adequate internal controls over the accounting for utility receipts.	Not corrected.	Reissued as Finding 2019-020.
2017-042	Noncompliance with section 145.034 of the Ohio Rev. Code which states that public employees may elect to have earnings exempted from contributions to the Ohio Public Employees Retirement System (OPERS) by filing with the public employees retirement board a written request bearing a signature. One Village employee had both Social Security and OPERS withheld for pay periods ending December 20, 2017 and December 6, 2017.	Not corrected.	Reissued as Finding #2019-022.
2017-043	Noncompliance with section 735.29 of the Ohio Rev. Code related to the failure of the Village Council to approve compensation for the member of the Board of Public Affairs and for the Water Operator.	Corrected.	
2017-044	Internal Control Deficiency reported related to the incorrect assessment of a Mayor's Court fine for one of twelve tickets tested in 2017.	Corrected.	
2017-045	Internal Control Deficiency reported for the following conditions: (1) failure to periodically compare computer systems information to source documentation; and (2) failure to develop formal security policies related to its various computer systems and failure to establish procedures to monitor unauthorized access to such computer systems.	Not corrected.	Reissued as Finding 2019-041.



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ADDYSTON**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/14/2021**

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

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[www.ohioauditor.gov](http://www.ohioauditor.gov)