



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LOCKLAND
HAMILTON COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Lockland
Hamilton County
101 North Cooper Avenue
Lockland, Ohio 45215

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the 2021 financial statements, the 2021 financial statements beginning fund balances for the Debt Service Fund Type and Enterprise Fund Type have been restated as a result of debt payments being incorrectly made in prior years. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
December 14, 2023

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Village of Lockland
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, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 198,308	\$ 588,759	\$ -	\$ -	\$ 787,067
Municipal Income Tax	3,922,131	-	-	-	3,922,131
Intergovernmental	147,572	452,392	-	1,612,509	2,212,473
Payments in Lieu of Taxes	-	-	27,432	-	27,432
Charges for Services	1,348,579	75,778	-	-	1,424,357
Fines, Licenses and Permits	293,046	20,565	-	-	313,611
Earnings on Investments	7,269	-	-	-	7,269
Miscellaneous	152,710	2,407	-	10,900	166,017
<i>Total Cash Receipts</i>	<u>6,069,615</u>	<u>1,139,901</u>	<u>27,432</u>	<u>1,623,409</u>	<u>8,860,357</u>
Cash Disbursements					
Current:					
Security of Persons and Property	2,298,394	1,098,609	-	-	3,397,003
Public Health Services	12,150	-	-	-	12,150
Leisure Time Activities	104,754	-	-	-	104,754
Community Environment	500	2,098	-	-	2,598
Basic Utility Services	1,860,904	-	-	-	1,860,904
Transportation	-	308,386	-	-	308,386
General Government	970,936	-	-	-	970,936
Capital Outlay	-	382,784	-	1,580,300	1,963,084
Debt Service:					
Principal Retirement	60,725	-	184,654	-	245,379
Interest and Fiscal Charges	23,201	-	42,747	-	65,948
<i>Total Cash Disbursements</i>	<u>5,331,564</u>	<u>1,791,877</u>	<u>227,401</u>	<u>1,580,300</u>	<u>8,931,142</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>738,051</u>	<u>(651,976)</u>	<u>(199,969)</u>	<u>43,109</u>	<u>(70,785)</u>
Other Financing Receipts (Disbursements)					
Proceeds from Loans	-	-	-	27,953	27,953
Transfers-In	-	586,699	227,401	-	814,100
Transfers-Out	(918,719)	-	-	-	(918,719)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(918,719)</u>	<u>586,699</u>	<u>227,401</u>	<u>27,953</u>	<u>(76,666)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(180,668)</u>	<u>(65,277)</u>	<u>27,432</u>	<u>71,062</u>	<u>(147,451)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,482,124</u>	<u>633,381</u>	<u>129,890</u>	<u>475,228</u>	<u>2,720,623</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,301,456</u>	<u>\$ 568,104</u>	<u>\$ 157,322</u>	<u>\$ 546,290</u>	<u>\$ 2,573,172</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 614,695
<i>Total Operating Cash Receipts</i>	<i>614,695</i>
Operating Cash Disbursements	
Personal Services	180,464
Employee Fringe Benefits	77,094
Contractual Services	292,386
Supplies and Materials	106,311
Other	4,405
<i>Total Operating Cash Disbursements</i>	<i>660,660</i>
<i>Operating Income (Loss)</i>	<i>(45,965)</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	115,000
Capital Outlay	(96,295)
Principal Retirement	(61,867)
Interest and Fiscal Charges	(10,863)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(54,025)</i>
<i>Income (Loss) before Transfers</i>	<i>(99,990)</i>
Transfers-In	104,619
<i>Net Change in Fund Cash Balances</i>	<i>4,629</i>
<i>Fund Cash Balances, January 1</i>	<i>252,220</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 256,849</i>

See accompanying notes to the basic financial statements

Village of Lockland
Hamilton County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

	Fiduciary Fund Types
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 356,527
<i>Total Additions</i>	<i>356,527</i>
Deductions	
Other Distributions	346,724
<i>Total Deductions</i>	<i>346,724</i>
<i>Net Change in Fund Balances</i>	<i>9,803</i>
<i>Fund Cash Balances, January 1</i>	<i>23,828</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 33,631</i>
<i>See accompanying notes to the basic financial statements</i>	

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

Note 1 – Reporting Entity

The Village of Lockland (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 utilities, sewer billing activities, trash collection, street maintenance and repair, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department for fire and emergency medical services.

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire Levy Fund The Fire Levy Fund receives property taxes and charges for services revenue for providing fire protection primarily through a volunteer force to residents and businesses within the Village.

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund receives payments in lieu of taxes and is used to repay general obligation bonds.

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 Fund:

Permanent Improvement Fund The Permanent Improvement Fund receives funds from the sale of Village real estate assets to be expended only for property acquisition and remediation and the purchase of equipment and apparatus, or other property, construction of infrastructure, roads and other public improvements or debt service by means of transfer to the appropriate bond, interest or retirement fund.

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 Fund:

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

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

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

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

Basis of Accounting

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

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

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

Fund Type	2022 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 6,139,348	\$ 6,069,615	\$ (69,733)
Special Revenue	1,894,343	1,726,600	(167,743)
Debt Service	227,401	254,833	27,432
Capital Projects	1,410,834	1,651,362	240,528
Enterprise	1,171,570	834,314	(337,256)
Total	<u>\$ 10,843,496</u>	<u>\$ 10,536,724</u>	<u>\$ (306,772)</u>

Fund Type	2022 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 6,606,538	\$ 6,250,283	\$ 356,255
Special Revenue	2,156,281	1,791,877	364,404
Debt Service	227,401	227,401	-
Capital Projects	1,783,393	1,580,300	203,093
Enterprise	1,372,304	829,685	542,619
Total	<u>\$ 12,145,917</u>	<u>\$ 10,679,546</u>	<u>\$ 1,466,371</u>

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

Note 4 – Deposits and Investments

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

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$2,432,410
Total deposits	2,432,410
STAR Ohio	431,242
Total investments	431,242
Total carrying amount of deposits and investments held in the Pool	\$2,863,652

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

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

Income Taxes

The Village levies a municipal income tax of 2.1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2022:

Cash and investments	\$42,310,794
Actuarial liabilities	15,724,479

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages in 2022. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bonds, Series 2014	\$1,150,000	3.61%
OPWC Loan #CT11M	69,651	0.00%
OPWC Loan #CB02C	15,233	2.00%
OPWC Loan #CB22S	80,607	0.00%
OPWC Loan #CT66U	180,125	0.00%
OPWC Loan #CB13X	77,683	0.00%
OWDA Loan #4619	51,301	2.00%
OWDA Loan #4809	97,120	2.00%
OWDA Loan #4669	11,950	2.00%
OWDA Loan #5165	77,973	2.00%
OWDA Loan #5921	75,317	2.00%
OWDA Loan #6411	123,090	2.00%
Fire Truck Capital Lease	335,799	3.96%
2019 Master Capital Lease	105,143	3.47%
Hamilton County Planning & Development Loan	160,000	0.00%
Total	<u>\$2,610,992</u>	

During 2014 the Village issued \$1,980,000 of Various Purpose Bonds, Series 2014. The bonds are being repaid over a term of seventeen years. The outstanding portion of the bonds will mature on December 1 in various amounts ranging from \$115,000 in 2021 to \$165,000 in 2030. The bonds carry interest at 3.61

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

percent per annum, payable semi-annually on June 1 and December 1. Proceeds of the bonds provided \$805,000 for funding various projects and purchases of the Village with the remaining portion used to retire \$1,175,000 of Various Purpose Bond Anticipation Notes, Series 2013, issued during 2013.

The Ohio Public Works Commission (OPWC) loan #CT11M relates to the Lock Street Bridge Project. The OPWC approved \$109,977 for this project. The Village is repaying this loan in semi-annual payments of \$1,833, over 30 years. The final payment is due January, 2041.

The Ohio Public Works Commission (OPWC) loan #CB02C relates to water supply and treatment facilities improvements. The OPWC approved \$128,521 for this project. The Village is repaying this loan in semi-annual payments of \$3,914, including interest, over 20 years. The final payment is due January, 2024.

The Ohio Public Works Commission (OPWC) loan #CB22S relates to the Anna Street and Hillside Avenue street reconstruction project. The OPWC approved \$107,477 for this project. The Village will repay this loan in semi-annual payments of \$2,687 over 20 years. The final payment is due in January 2037.

The Ohio Public Works Commission (OPWC) loan #CT66U relates to the S. Cooper Avenue Water Main Replacement project. The OPWC approved a no interest \$196,500 loan for this project. The Village will repay this loan in semi-annual payments of \$3,275 over 30 years. The final payment is due in July 2049.

The Ohio Public Works Commission (OPWC) loan #CB13X relates to the Stewart Avenue Rehabilitation project. After a final draw of \$27,953 on this loan, the total outstanding obligation is \$81,001. The project was completed in 2022 and the loan has been finalized. The Village will repay this loan in semi-annual payments of \$1,992 over 20 years, after an initial payment of \$1,326. The first two payments were made in 2022, with the final payment due in January 2042.

The Ohio Water Development Authority (OWDA) loan #4619 relates to a waterline extension for Anthony Wayne. The OWDA approved \$94,844 for this project. The Village is repaying the loan in semi-annual installments of \$2,110, including interest, over 30 years. The final payment is due January, 2037.

The Ohio Water Development Authority (OWDA) loan #4809 relates to water treatment plant improvements and equipment. The OWDA approved \$307,581 for this project. The Village is repaying this loan in semi-annual payments of \$9,368, including interest, over 20 years. The final payment is due July, 2028.

The Ohio Water Development Authority (OWDA) loan #4669 relates to security cameras for the water treatment plant. The OWDA approved \$51,281 for this project. The Village is repaying this loan in semi-annual payments of \$1,562, including interest, over 20 years. The final payment is due January, 2027.

The Ohio Water Development Authority (OWDA) loan #5165 relates to water system equipment and upgrades. The OWDA approved \$196,885 for this project. The Village is repaying this loan in semiannual payments of \$5,996, including interest, over 20 years. The final payment is due January, 2030.

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

The Ohio Water Development Authority (OWDA) loan #5921 relates to water treatment plant improvements. The OWDA approved \$158,911 for this project. The Village is repaying this loan in semi-annual payments of \$4,840, including interest, over 20 years. The final payment is due July, 2031.

The Ohio Water Development Authority (OWDA) loan #6411 relates to water system improvements. The OWDA approved \$214,331 for this project. The Village is repaying this loan in semi-annual payments of \$6,528, including interest, over 20 years. The final payment is due July, 2033.

The Hamilton County Planning & Development Loan, Community and Economic Development Assistance Program, was issued in 2020 in the amount of \$200,000 for the purchase of property. The loan carries a 0% interest rate with a term of five years, beginning in year 2020, with the Village repaying the loan in annual payments of \$40,000. No payment was made in 2021 or 2022. The final payment is due in year 2024.

Financed Purchases

The Village has entered into financed purchase agreements for vehicles and other equipment where ownership of the underlying asset transfers to the Village by the end of the contract.

During 2018, the Village entered into a master capital lease purchase agreement with Wells Fargo Bank for a new fire truck, in the amount of \$636,581. The Village is making annual payments of \$75,345, including interest at 3.96%, commencing in 2018 with the final payment due in 2027.

During 2019, the Village entered into a master capital lease purchase agreement with U. S. Bank for various vehicles and equipment in the amount of \$250,000. The Village is making annual payments of \$55,323, including interest at 3.47%, commencing in 2020 with the final payment due in 2024.

The Village disbursed \$130,668 to pay these costs for the fiscal year ended December 31, 2022.

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

Amortization

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

Year ending December 31:	Various Purpose Bond 2014	OPWC Loan #CT11M	OPWC Loan #CB02C	OPWC Loan #CB22S	OPWC Loan #CT66U
2023	\$ 161,515	\$ 3,666	\$ 7,828	\$ 5,374	\$ 6,550
2024	172,183	3,666	7,829	5,374	6,550
2025	167,310	3,666	-	5,374	6,550
2026	167,436	3,666	-	5,374	6,550
2027	167,382	3,666	-	5,374	6,550
2028-2032	509,836	18,330	-	26,869	32,750
2033-2037	-	18,330	-	26,868	32,750
2038-2042	-	14,661	-	-	32,750
2043-2047	-	-	-	-	32,750
2048-2050	-	-	-	-	16,375
Total	<u>\$ 1,345,662</u>	<u>\$ 69,651</u>	<u>\$ 15,657</u>	<u>\$ 80,607</u>	<u>\$ 180,125</u>

Year ending December 31:	OPWC Loan #CB13X	OWDA Loan #4619	OWDA Loan #4809	OWDA Loan #4669	OWDA Loan #5165
2023	\$ 3,984	\$ 4,219	\$ 18,735	\$ 3,124	\$ 11,993
2024	3,984	4,220	18,735	3,123	11,992
2025	3,984	4,219	18,735	3,124	11,993
2026	3,984	4,220	18,735	3,123	11,992
2027	3,984	4,219	18,735	-	11,993
2028-2032	19,920	21,097	9,369	-	23,985
2033-2037	19,920	16,878	-	-	-
2038-2042	17,923	-	-	-	-
2043-2047	-	-	-	-	-
2048-2050	-	-	-	-	-
Total	<u>\$ 77,683</u>	<u>\$ 59,072</u>	<u>\$ 103,044</u>	<u>\$ 12,494</u>	<u>\$ 83,948</u>

Year ending December 31:	OWDA Loan #5921	OWDA Loan #6411	HCPD Loan	Financed Purchases	Total
2023	\$ 9,680	\$ 13,055	\$ 120,000	\$ 130,668	\$ 500,391
2024	9,679	13,055	40,000	130,668	431,058
2025	9,680	13,055	-	75,345	323,035
2026	9,679	13,055	-	75,345	323,159
2027	9,680	13,055	-	75,345	319,983
2028-2032	33,877	65,276	-	-	761,309
2033-2037	-	6,529	-	-	121,275
2038-2042	-	-	-	-	65,334
2043-2047	-	-	-	-	32,750
2048-2050	-	-	-	-	16,375
Total	<u>\$ 82,275</u>	<u>\$ 137,080</u>	<u>\$ 160,000</u>	<u>\$ 487,371</u>	<u>\$ 2,894,669</u>

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

Note 10 – Transfers

During 2022, the Village transferred the following amounts between funds:

Transfer-Out Fund	Transfer-In Fund	Amount
General	Fire Levy	\$ 586,699
General	Other Debt Service	227,401
General	Other Debt Service	104,619
Total Transfers		\$ 918,719

The transfers were to provide funding for operations or provide funds for debt service requirements.

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

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

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

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

At fiscal year end the Village had no outstanding encumbrances.

Village of Lockland
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, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 182,858	\$ 564,630	\$ -	\$ -	\$ 747,488
Municipal Income Tax	3,588,468	-	-	-	3,588,468
Intergovernmental	116,013	518,985	-	498,337	1,133,335
Payments in Lieu of Taxes	-	-	24,245	-	24,245
Charges for Services	1,291,142	82,991	-	-	1,374,133
Fines, Licenses and Permits	217,282	12,250	-	-	229,532
Earnings on Investments	357	-	-	-	357
Miscellaneous	92,916	-	-	-	92,916
<i>Total Cash Receipts</i>	<u>5,489,036</u>	<u>1,178,856</u>	<u>24,245</u>	<u>498,337</u>	<u>7,190,474</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,843,806	796,727	-	-	2,640,533
Public Health Services	12,150	-	-	-	12,150
Leisure Time Activities	27,582	-	-	-	27,582
Community Environment	706	46,329	-	-	47,035
Basic Utility Services	1,790,589	-	-	-	1,790,589
Transportation	-	420,390	-	198,201	618,591
General Government	727,569	-	-	-	727,569
Capital Outlay	35,643	12,252	25,259	614,211	687,365
Debt Service:					
Principal Retirement	-	-	232,105	-	232,105
Interest and Fiscal Charges	-	-	75,055	-	75,055
<i>Total Cash Disbursements</i>	<u>4,438,045</u>	<u>1,275,698</u>	<u>332,419</u>	<u>812,412</u>	<u>6,858,574</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,050,991</u>	<u>(96,842)</u>	<u>(308,174)</u>	<u>(314,075)</u>	<u>331,900</u>
Other Financing Receipts (Disbursements)					
Proceeds from Loans	-	-	-	28,048	28,048
Transfers-In	-	351,105	227,401	-	578,506
Transfers-Out	(678,506)	-	-	-	(678,506)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(678,506)</u>	<u>351,105</u>	<u>227,401</u>	<u>28,048</u>	<u>(71,952)</u>
<i>Net Change in Fund Cash Balances</i>	372,485	254,263	(80,773)	(286,027)	259,948
<i>Fund Cash Balances, January 1 - Restated</i>	<u>1,109,639</u>	<u>379,118</u>	<u>210,663</u>	<u>761,255</u>	<u>2,460,675</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,482,124</u>	<u>\$ 633,381</u>	<u>\$ 129,890</u>	<u>\$ 475,228</u>	<u>\$ 2,720,623</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 640,346
<i>Total Operating Cash Receipts</i>	<i>640,346</i>
Operating Cash Disbursements	
Personal Services	157,299
Employee Fringe Benefits	78,124
Contractual Services	224,892
Supplies and Materials	93,480
Other	6,675
<i>Total Operating Cash Disbursements</i>	<i>560,470</i>
<i>Operating Income (Loss)</i>	<i>79,876</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(77,345)
Principal Retirement	(61,716)
Interest and Fiscal Charges	(11,014)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(150,075)</i>
<i>Income (Loss) before Transfers</i>	<i>(70,199)</i>
Transfers-In	100,000
<i>Net Change in Fund Cash Balances</i>	<i>29,801</i>
<i>Fund Cash Balances, January 1 - Restated</i>	<i>222,419</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 252,220</i>

See accompanying notes to the basic financial statements

Village of Lockland
Hamilton County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Types
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 242,245
<i>Total Additions</i>	242,245
Deductions	
Other Distributions	236,565
<i>Total Deductions</i>	236,565
<i>Net Change in Fund Balances</i>	5,680
<i>Fund Cash Balances, January 1</i>	18,148
<i>Fund Cash Balances, December 31</i>	\$ 23,828

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Lockland (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 utilities, sewer billing activities, trash collection, street maintenance and repair, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department for fire and emergency medical services.

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire Levy Fund The Fire Levy Fund receives property taxes and charges for services revenue for providing fire protection primarily through a volunteer force to residents and businesses within the Village.

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund receives payments in lieu of taxes and is used to repay general obligation bonds.

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 Fund:

Permanent Improvement Fund The Permanent Improvement Fund receives funds from the sale of Village real estate assets to be expended only for property acquisition and remediation and the purchase of equipment and apparatus, or other property, construction of infrastructure, roads and other public improvements or debt service by means of transfer to the appropriate bond, interest or retirement fund.

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 Fund:

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

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

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

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

Basis of Accounting

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

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

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

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

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.

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

Fund Balance

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

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

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,860,393	\$ 5,489,036	\$ (371,357)
Special Revenue	1,961,254	1,529,961	(431,293)
Debt Service	338,969	251,646	(87,323)
Capital Projects	811,200	526,385	(284,815)
Enterprise	1,155,418	740,346	(415,072)
Total	\$ 10,127,234	\$ 8,537,374	\$ (1,589,860)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,438,782	\$ 5,120,434	\$ 318,348
Special Revenue	2,049,366	1,277,080	772,286
Debt Service	433,791	332,419	101,372
Capital Projects	1,353,415	812,412	541,003
Enterprise	1,037,178	741,560	295,618
Total	\$ 10,312,532	\$ 8,283,905	\$ 2,028,627

Note 4 – Deposits and Investments

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,572,683
Total deposits	2,572,683
STAR Ohio	423,988
Total investments	423,988
Total carrying amount of deposits and investments held in the Pool	\$ 2,996,671

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

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

Deposits

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

Investments

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

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 2.1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

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

- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages in 2021. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bonds, Series 2014	\$ 1,270,000	3.61%
OPWC Loan #CT11M	73,317	0.00%
OPWC Loan #CB02C	22,645	2.00%
OPWC Loan #CB22S	85,981	0.00%
OPWC Loan #CT66U	186,675	0.00%
OPWC Loan #CB13X	53,048	0.00%
OWDA Loan #4619	54,447	2.00%
OWDA Loan #4809	113,664	2.00%
OWDA Loan #4669	14,792	2.00%
OWDA Loan #5165	88,252	2.00%
OWDA Loan #5921	83,369	2.00%
OWDA Loan #6411	133,527	2.00%
Fire Truck Capital Lease	395,483	3.96%
2019 Master Capital Lease	155,085	3.47%
Hamilton County Planning & Development Loan	160,000	0.00%
Total	<u>\$ 2,890,285</u>	

During 2014 the Village issued \$1,980,000 of Various Purpose Bonds, Series 2014. The bonds are being repaid over a term of seventeen years. The outstanding portion of the bonds will mature on December 1 in various amounts ranging from \$115,000 in 2021 to \$165,000 in 2030. The bonds carry interest at 3.61 percent per annum, payable semi-annually on June 1 and December 1. Proceeds of the bonds provided \$805,000 for funding various projects and purchases of the Village with the remaining portion used to retire \$1,175,000 of Various Purpose Bond Anticipation Notes, Series 2013, issued during 2013.

The Ohio Public Works Commission (OPWC) loan #CT11M relates to the Lock Street Bridge Project. The OPWC approved \$109,977 for this project. The Village is repaying this loan in semi-annual payments of \$1,833, over 30 years. The final payment is due January, 2041.

The Ohio Public Works Commission (OPWC) loan #CB02C relates to water supply and treatment facilities improvements. The OPWC approved \$128,521 for this project. The Village is repaying this loan in semi-annual payments of \$3,914, including interest, over 20 years. The final payment is due January, 2024.

The Ohio Public Works Commission (OPWC) loan #CB22S relates to the Anna Street and Hillside Avenue street reconstruction project. The OPWC approved \$107,477 for this project. The Village will repay this loan in semi-annual payments of \$2,687 over 20 years. The final payment is due in January 2037.

The Ohio Public Works Commission (OPWC) loan #CT66U relates to the S. Cooper Avenue Water Main Replacement project. The OPWC approved a no interest \$196,500 loan for this project. The Village will repay this loan in semi-annual payments of \$3,275 over 30 years. The final payment is due in July 2049.

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

The Ohio Public Works Commission (OPWC) loan #CB13X relates to the Stewart Avenue Rehabilitation project. The Village drew \$28,048 on this loan in 2021, bringing the total outstanding obligation to \$53,048. The project was completed in 2021 and the loan has been finalized. The Village will repay this loan in semi-annual payments of \$1,326 over 20 years. The final payment is due in July 2041.

The Ohio Water Development Authority (OWDA) loan #4619 relates to a waterline extension for Anthony Wayne. The OWDA approved \$94,844 for this project. The Village is repaying the loan in semi-annual installments of \$2,110, including interest, over 30 years. The final payment is due January, 2037.

The Ohio Water Development Authority (OWDA) loan #4809 relates to water treatment plant improvements and equipment. The OWDA approved \$307,581 for this project. The Village is repaying this loan in semi-annual payments of \$9,368, including interest, over 20 years. The final payment is due July, 2028.

The Ohio Water Development Authority (OWDA) loan #4669 relates to security cameras for the water treatment plant. The OWDA approved \$51,281 for this project. The Village is repaying this loan in semi-annual payments of \$1,562, including interest, over 20 years. The final payment is due January, 2027.

The Ohio Water Development Authority (OWDA) loan #5165 relates to water system equipment and upgrades. The OWDA approved \$196,885 for this project. The Village is repaying this loan in semiannual payments of \$5,996, including interest, over 20 years. The final payment is due January, 2030.

The Ohio Water Development Authority (OWDA) loan #5921 relates to water treatment plant improvements. The OWDA approved \$158,911 for this project. The Village is repaying this loan in semi-annual payments of \$4,840, including interest, over 20 years. The final payment is due July, 2031.

The Ohio Water Development Authority (OWDA) loan #6411 relates to water system improvements. The OWDA approved \$214,331 for this project. The Village is repaying this loan in semi-annual payments of \$6,528, including interest, over 20 years. The final payment is due July, 2033.

The Hamilton County Planning & Development Loan, Community and Economic Development Assistance Program, was issued in 2020 in the amount of \$200,000 for the purchase of property. The loan carries a 0% interest rate with a term of five years, beginning in year 2020, with the Village repaying the loan in annual payments of \$40,000. No payment was made in 2021. The final payment is due in year 2024.

Leases

During 2018, the Village entered into a master capital lease purchase agreement with Wells Fargo Bank for a new fire truck, in the amount of \$636,581. The Village is making annual payments of \$75,345, including interest at 3.96%, commencing in 2018 with the final payment due in 2027.

During 2019, the Village entered into a master capital lease purchase agreement with U. S. Bank for various vehicles and equipment in the amount of \$250,000. The Village is making annual payments of \$55,323, including interest at 3.47%, commencing in 2020 with the final payment due in 2024.

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

Amortization

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

Year ending December 31:	Various Purpose Bond	OPWC Loan	OPWC Loan	OPWC Loan	OPWC Loan	OPWC Loan
	2014	#CT11M	#CB02C	#CB22S	#CT66U	#CB13X
2022	\$ 165,847	\$ 3,666	\$ 7,828	\$ 5,374	\$ 6,550	\$ 2,652
2023	161,515	3,666	7,828	5,374	6,550	2,653
2024	172,183	3,666	7,829	5,374	6,550	2,652
2025	167,310	3,666	-	5,374	6,550	2,653
2026	167,436	3,666	-	5,374	6,550	2,652
2027-2031	677,218	18,330	-	26,869	32,750	13,262
2032-2036	-	18,330	-	26,869	32,750	13,262
2037-2041	-	18,327	-	5,373	32,750	13,262
2042-2046	-	-	-	-	32,750	-
2047-2050	-	-	-	-	22,925	-
Total	<u>\$ 1,511,509</u>	<u>\$ 73,317</u>	<u>\$ 23,485</u>	<u>\$ 85,981</u>	<u>\$ 186,675</u>	<u>\$ 53,048</u>

Year ending December 31:	OWDA Loan	OWDA Loan	OWDA Loan	OWDA Loan	OWDA Loan	OWDA Loan
	#4619	#4809	#4669	#5165	#5921	#6411
2022	\$ 4,220	\$ 18,735	\$ 3,124	\$ 11,992	\$ 9,679	\$ 13,055
2023	4,219	18,735	3,123	11,993	9,680	13,055
2024	4,220	18,735	3,124	11,992	9,679	13,055
2025	4,219	18,735	3,123	11,993	9,680	13,055
2026	4,220	18,735	3,124	11,992	9,679	13,055
2027-2031	21,097	28,104	-	35,978	43,557	65,276
2032-2036	21,097	-	-	-	-	19,584
2037-2041	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-
2047-2050	-	-	-	-	-	-
Total	<u>\$ 63,292</u>	<u>\$ 121,779</u>	<u>\$ 15,618</u>	<u>\$ 95,940</u>	<u>\$ 91,954</u>	<u>\$ 150,135</u>

Year ending December 31:	HCPD Loan	Fire Truck Capital Lease	2019 Master Capital Lease	Total
	2022	\$ 80,000	\$ 75,345	\$ 55,323
2023	40,000	75,345	55,323	419,059
2024	40,000	75,345	55,323	429,727
2025	-	75,345	-	321,703
2026	-	75,345	-	321,828
2027-2031	-	75,343	-	1,037,784
2032-2036	-	-	-	131,892
2037-2041	-	-	-	69,712
2042-2046	-	-	-	32,750
2047-2050	-	-	-	22,925
Total	<u>\$ 160,000</u>	<u>\$ 452,068</u>	<u>\$ 165,969</u>	<u>\$ 3,250,770</u>

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

Note 10 – Transfers

During 2021, the Village transferred the following amounts between funds:

Transfer-Out Fund	Transfer-In Fund	Amount
General	Fire Levy	\$ 351,105
General	Other Debt Service	227,401
General	Water	100,000
Total Transfers		\$ 678,506

The transfers were to provide funding for operations or provide funds for debt service requirements paid by those funds.

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

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

Note 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 3,883	\$ 1,382	\$ 5,265
<i>Total</i>	\$ 3,883	\$ 1,382	\$ 5,265

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

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

Note 13 – Restatement of Fund Balances

The Village’s fund cash balances at January 1, 2021 have been restated for checks written in prior years that were voided in 2021 and for debt payments incorrectly made in prior years from the Water Fund that should have been paid from the Debt Service Fund. These adjustments resulted in the following changes in fund balances at January 1, 2021:

	<u>General Fund</u>	<u>Debt Service Fund Type</u>	<u>Enterprise Fund Type</u>
Fund balance December 31, 2020, as previously reported	\$1,109,169	\$305,485	\$127,597
Voided checks	479	-	-
Correction for Debt payments	-	<u>(94,822)</u>	<u>94,822</u>
Fund balance January 1, 2021, as restated	<u>\$1,109,639</u>	<u>\$210,663</u>	\$222,419

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of Lockland
Hamilton County
101 North Cooper Avenue
Lockland, Ohio 45215

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Lockland, Hamilton County, (the Village), and have issued our report thereon dated December 14, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the 2021 financial statements have been restated as a result of debt payments made from incorrect fund in prior years being corrected.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-003.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
December 14, 2023

VILLAGE OF LOCKLAND
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

Material Weakness – Cash Reconciliation Process Errors

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 Fiscal Officer is responsible for reconciling the Village's book (fund) balance to the total bank balance on a monthly basis. The Mayor's Court Clerk is responsible for reconciling the Court's cashbook balance to the total bank balance on a monthly basis. The Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Due to deficiencies in the Village's internal controls over cash reconciliations, the following conditions related to the Village's cash reconciliations were identified:

- The Village did not prepare a bank reconciliation, list of reconciling items, or reconciliation of open items outstanding for the Payroll bank account for each month of 2021 and 2022. The Village failed to identify and record payroll checks totaling \$8,186 for 2021 and \$9,015 for 2022 to the accounting system that subsequently cleared in January 2022 and January 2023, respectively.
- The Village did not complete accurate monthly bank reconciliations for the Mayor's Court bank account for each month of 2021 and 2022. Additionally, all monthly bank reconciliations prepared by the Mayor's Court Clerk did not receive a documented supervisory review and approval.

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

The Fiscal Officer and Mayor's Court Clerk should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

We are aware of the weakness of cash reconciliations and are working to correct these issues and make sure they are done in a timely manner to help identify errors.

FINDING NUMBER 2022-002

Material Weakness – Budgetary Amounts Not Recorded in Accounting System

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow 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.

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 properly posted to the accounting system.

At December 31, 2022, the budgeted amounts posted to the Village's accounting ledgers varied from the appropriations adopted by Council as follows:

Funds	Per Appropriation Resolutions	Amount Posted to System	Variance
Fire Levy	\$1,200,215	\$1,231,715	(\$31,500)
Permanent Improvement	372,599	663,279	(290,680)

At December 31, 2021, the budgeted amounts posted to the Village's accounting ledgers varied from the appropriations adopted by Council as follows:

Funds	Per Appropriation Resolutions	Amount Posted to System	Variance
North Wayne Improvement	\$0	\$37,295	(\$37,295)

**FINDING NUMBER 2022-002
(Continued)**

At December 31, 2022, the budgeted amounts posted to the Village's accounting ledgers varied from the estimated resources adopted by Council as follows:

Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
General	\$6,139,348	\$6,300,735	(\$161,387)
Street Construction M & R	427,350	467,750	(40,400)
U.S. EPA Brownfield	50,115	71,048	(20,933)
Fire Levy	1,200,215	1,224,715	(24,500)
Mayor's Court Computer	35,000	9,713	25,287
North Wayne Improvement	69,173	0	69,173
Permanent Improvement	0	323,720	(323,720)
Water	1,171,570	1,274,290	(102,720)

At December 31, 2021, the budgeted amounts posted to the Village's accounting ledgers varied from the estimated resources adopted by Council as follows:

Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
General	\$5,860,393	\$5,241,723	\$618,670
Street Construction M & R	420,006	469,969	(49,963)
Fire Levy	949,549	935,062	14,487
Mayor's Court Computer	35,000	23,371	11,629
General Obligation Bonds	4,340	25,259	(20,919)
North Wayne Improvement	(125,000)	0	(125,000)
Permanent Improvement	0	96,823	(96,823)
Water	1,155,418	960,596	194,822

In addition, the following conditions related to the notes to the financial statements were identified:

- Final Budgeted Receipts for the Capital Projects Funds were overstated by \$27,953 for 2022. The notes to the financial statements were corrected for this error.
- Final Budgeted Disbursements for the Capital Projects Funds and Enterprise Fund were overstated by \$27,953 and \$31,015, respectively, for 2022. The notes to the financial statements were corrected for these errors.
- Final Budgeted Receipts for the General Fund and Enterprise Fund were understated by \$618,670 and \$194,822, respectively, while Final Budgeted Receipts for the Special Revenue Funds, Debt Service Funds, and Capital Project Funds were overstated by \$24,848, \$20,919, and \$221,823, respectively, for 2021. The notes to the financial statements were corrected for these errors.
- Final Budgeted Disbursements for the Capital Projects Funds were overstated by \$37,295 for 2021. The notes to the financial statements were not corrected for this error.

**FINDING NUMBER 2022-002
(Continued)**

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 financial statements and the notes to the financial statements.

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

Officials' Response:

We will make corrective action to ensure the appropriations that are approved by Council are timely and accurately posted in UAN to avoid any variances in the future.

FINDING NUMBER 2022-003

Noncompliance – Interfund Transfers

Ohio Rev. Code §§ 5705.14 and .16 provide that money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two-thirds vote is not required for general fund transfers, though a resolution passed by a simple majority is required; a simple majority constitutes a quorum of greater than 50% of the members).

In 2022, the Village transferred money from the General Fund to the Fire Operating Fund and Water Operating Fund in the amounts of \$690,867 and \$0, respectively. However, the approved Council ordinance authorized transfers from the General Fund to the Fire Operating Fund and Water Operating Fund in the amounts of \$586,699 and \$104,619, respectively.

In 2021, the Village transferred money from the General Fund to the Fire Operating Fund, Water Operating Fund and Debt Service Fund in the amounts of \$231,287, \$17,499, and \$307,160, respectively. However, the approved Council ordinances authorized transfers from the General Fund to the Fire Operating Fund, Water Operating Fund and Debt Service Fund in the amounts of \$351,105, \$100,000, and \$271,401, respectively.

Adjustments were made to the accompanying financial statements so transfers in and out reflected amounts actually authorized by Council.

Failure to record transfers in the accounting system as approved by Council in the minutes could lead to spending in excess of what is available and also cause the Village to be in violation of Ohio Rev. Code § 5705.14.

The Finance Director should only record transfers between funds that Council has approved and in accordance with the provisions afforded pursuant to the Ohio Rev. Code.

Officials' Response:

We are making corrective action in the funds that Council approves transfers and making sure the transfers are done all at once upon Council approval to prevent any overages in spending in funds.



VILLAGE OF LOCKLAND

101 North Cooper Avenue
Lockland, Ohio 45215
(513) 761-1124

Mayor
Mark Mason Sr.

Village Administrator
Krista M. Blum

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-01	Ineffective Bank Reconciliations	Not Corrected	Repeated as Finding 2022-001
2020-02	Financial Statement Adjustments	Fully Corrected	
2020-03	Certification of Fund Availability	Partially Corrected	Repeated as Management Letter Noncompliance Finding #1

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LOCKLAND

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 12/28/2023

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

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