



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LOCKLAND
HAMILTON COUNTY
DECEMBER 31, 2024 AND 2023**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2024.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2024.....	6
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2024.....	7
Notes to the Financial Statements For the Year Ended December 31, 2024	9
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2023.....	21
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2023.....	22
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2023.....	23
Notes to the Financial Statements For the Year Ended December 31, 2023	25
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	37
Schedule of Findings	39
Prepared by Management:	
Summary Schedule of Prior Audit Findings	45

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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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

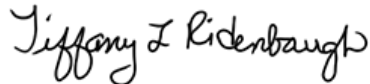
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

October 21, 2025

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Village of Lockland, 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, 2024*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$274,229	\$631,696	\$0	\$0	\$905,925
Municipal Income Tax	4,276,966	0	0	0	4,276,966
Intergovernmental	89,160	415,609	0	10,000	514,769
Special Assessments	5,000	432,835	0	0	437,835
Charges for Services	1,489,124	169,234	0	0	1,658,358
Licenses, Permits and Fees	25,985	9,925	0	0	35,910
Fines, Forfeitures and Settlements	211,465	0	0	0	211,465
Earnings on Investments	24,944	0	0	0	24,944
Miscellaneous	95,820	0	34,481	0	130,301
<i>Total Cash Receipts</i>	<u>6,492,693</u>	<u>1,659,299</u>	<u>34,481</u>	<u>10,000</u>	<u>8,196,473</u>
Cash Disbursements					
Current:					
Security of Persons and Property	2,360,196	1,595,065	0	0	3,955,261
Public Health Services	9,050	0	0	0	9,050
Leisure Time Activities	61,912	0	0	0	61,912
Community Environment	53	0	0	0	53
Basic Utility Services	1,986,665	0	0	0	1,986,665
Transportation	0	892,390	0	0	892,390
General Government	1,335,938	174,171	0	0	1,510,109
Capital Outlay	0	18,395	0	56,792	75,187
Debt Service:					
Principal Retirement	0	0	323,399	0	323,399
Interest and Fiscal Charges	0	0	55,966	0	55,966
<i>Total Cash Disbursements</i>	<u>5,753,814</u>	<u>2,680,021</u>	<u>379,365</u>	<u>56,792</u>	<u>8,869,992</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>738,879</u>	<u>(1,020,722)</u>	<u>(344,884)</u>	<u>(46,792)</u>	<u>(673,519)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	833	0	0	0	833
Transfers In	0	951,621	455,992	0	1,407,613
Transfers Out	(1,753,432)	0	0	0	(1,753,432)
Other Financing Uses	(58,546)	0	0	0	(58,546)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,811,145)</u>	<u>951,621</u>	<u>455,992</u>	<u>0</u>	<u>(403,532)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,072,266)</u>	<u>(69,101)</u>	<u>111,108</u>	<u>(46,792)</u>	<u>(1,077,051)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,931,215</u>	<u>404,292</u>	<u>230,790</u>	<u>435,817</u>	<u>3,002,114</u>
<i>Fund Cash Balances, December 31</i>	<u>\$858,949</u>	<u>\$335,191</u>	<u>\$341,898</u>	<u>\$389,025</u>	<u>\$1,925,063</u>

See accompanying notes to the basic financial statements

Village of Lockland, Ohio
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, 2024

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$638,080
<i>Total Operating Cash Receipts</i>	<u>638,080</u>
Operating Cash Disbursements	
Personal Services	188,804
Employee Fringe Benefits	45,108
Contractual Services	470,261
Supplies and Materials	253,363
Other	1,956
<i>Total Operating Cash Disbursements</i>	<u>959,492</u>
<i>Operating Income (Loss)</i>	<u>(321,412)</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	79,000
Capital Outlay	(63,172)
Principal Retirement	(71,601)
Interest and Other Fiscal Charges	(7,423)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(63,196)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(384,608)
Transfers In	<u>345,819</u>
<i>Net Change in Fund Cash Balances</i>	(38,789)
<i>Fund Cash Balances, January 1</i>	<u>84,093</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$45,304</u></u>

See accompanying notes to the basic financial statements

Village of Lockland, Ohio*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, 2024*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Forfeitures and Settlements for Distribution	<u>\$302,647</u>
<i>Total Additions</i>	<u>302,647</u>
Deductions	
Distributions to Other Governments	49,086
Distributions to Other Funds (Primary Gov't)	230,458
Other Distributions	<u>14,245</u>
<i>Total Deductions</i>	<u>293,789</u>
<i>Net Change in Fund Balances</i>	8,858
<i>Fund Cash Balances, January 1</i>	<u>19,876</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$28,734</u></u>

See accompanying notes to the basic financial statements

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Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 7 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 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.

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:

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2024 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.

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

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,926,681	\$6,493,526	(\$1,433,155)
Special Revenue	3,390,125	2,610,920	(779,205)
Debt Service	408,249	490,473	82,214
Capital Projects	728,605	10,000	(718,605)
Enterprise	1,435,670	1,062,899	(372,771)
Total	<u>\$13,889,340</u>	<u>\$10,667,818</u>	<u>(\$3,221,522)</u>

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,989,401	\$7,594,199	\$395,202
Special Revenue	3,627,688	2,685,005	942,683
Debt Service	382,065	379,365	2,700
Capital Projects	949,064	56,792	892,272
Enterprise	1,692,291	1,102,426	589,865
Total	<u>\$14,640,509</u>	<u>\$11,817,787</u>	<u>\$2,822,722</u>

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy Special Revenue Fund and Water Operating Enterprise Fund by \$258,403 and \$243,923, respectively, for the year ended December 31, 2024.

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts that are not part of this pool. The carrying amount of deposits and investments at December 31 was as follows:

<i>Cash Management Pool:</i>	2024
Demand deposits	\$1,520,049
Total deposits	<u>1,520,049</u>
STAR Ohio	479,052
Total investments	<u>479,052</u>
Total carrying amount of deposits and investments held in the Pool	<u>1,999,101</u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in the Pool)	73,854
Flexible Spending Account (Not held in the Pool)	3,466
Total Outside Accounts	<u>77,320</u>
Total Deposits and Investments	<u>\$2,076,421</u>

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

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

in the Village's payroll clearing account represent unremitted employee payroll withholdings.

The Village has a Flexible Spending Account too that is held outside of the deposit pool where it holds voluntary deductions from employees who have enrolled for that calendar year. The balance in the Village's Flexible Spending Account represents available funds for medical expenses.

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 6 – Taxes

Property Taxes

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

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

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

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 7 – Risk Management

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

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

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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, 2024 (latest data available)

Cash and investments	\$48,150,572
Actuarial liabilities	\$22,652,556

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2024, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Ohio Police and Fire Retirement System

Village's full-time Police Officers and one full-time Firefighter belong 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 in 2024. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2024.

Social Security

Part-time Firefighter Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement (HRA) and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for members in the Traditional Pension Plan and combined plan was 0% during calendar year 2024. OP&F contributes 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree healthcare model to a stipend-based healthcare model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for healthcare 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 healthcare eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2024, was as follows:

	Principal	Interest Rate
Various Purpose Bonds	\$895,000	3.61%
OPWC Loan #CT11M	62,320	0.00%
OPWC Loan #CB22S	69,860	0.00%
OPWC Loan #CT66U	167,025	0.00%
OPWC Loan #CB13X	69,715	0.00%
OWDA Loan #4619	44,818	2.00%
OWDA Loan #4809	63,027	2.00%
OWDA Loan #4669	6,094	2.00%
OWDA Loan #5165	56,792	2.00%
OWDA Loan #5921	58,724	2.00%
OWDA Loan #6411	101,583	2.00%
OWDA Loan #9702	170,179	2.11%
Fire Truck Capital Lease	209,247	3.96%
Hamilton County Planning & Development Loan	200,000	0.00%
OPWC Loan #CT09X	290,358	0.00%
Daimler Truck Financial	89,734	5.11%
Total	2,554,476	

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.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 July, 2041.

The Ohio Public Works Commission (OPWC) loan #CB02C relates to the Water Supply & Treatment Facilities Improvements. The OPWC approved \$128,521 for this project. The Village is repaying this loan in semi-annual payments of \$3,914, over 20 years. The loan was paid off in 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 is repaying this loan in semi-annual payments of \$2,687, over 20 years. The final payment is due July, 2037.

The Ohio Public Works Commission (OPWC) loan #CT66U relates to the S. Cooper Avenue Watermain Replacement Project. The OPWC approved \$196,500 for this project. The Village is repaying this loan in semi-annual payments of \$3,275, over 30 years. The final payment is due January, 2050.

The Ohio Public Works Commission (OPWC) loan #CB13X relates to the Stewart Avenue Rehabilitation Project. The OPWC approved \$81,001 for this project. The Village is repaying this loan in semi-annual payments of \$1,992, over 20 years. The final payment is due January, 2042.

The Ohio Public Works Commission (OPWC) loan #CT09X relates to the Patterson & Central Ave Rehabilitation. The OPWC approved \$322,620 for this project. The Village is repaying this loan in semi-annual payments of \$8,065 over 20 years. The final payment is due July, 2042.

The Ohio Water Development Authority (OWDA) loan #4619 relates to a Waterline Extension for Anthony Wayne. The OWDA approved \$94,822 for this project. The Village is repaying this loan in semi-annual payments 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 a Water Treatment Plants Improvement & 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 the Security Cameras for the Water 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 the Water System Equipment & Upgrades. The OWDA approved \$196,885 for this project. The Village is repaying this loan in semi-annual 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 the 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 the 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.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 5 years, beginning in the year 2020, the Village repaying the loan in annual payments of \$40,000. No payment was made in 2021-2024. The final payment is due in the year 2025.

The Ohio Water Development Authority (OWDA) loan #9702 relates to the Potable Water System Improvements, Design. The OWDA approved \$364,390 for this project. The Village is repaying this loan in semi-annual payments of \$9,109, including interest, while in a draw period.

Financed Purchases

The Village has entered into financed purchases 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 US Bank for various vehicles & equipment, in the amount of \$250,000. The Village is making annual payments of \$55,323, including interest at 3.47%, commencing in 2020. The loan was paid off in 2024.

During 2023, the Village entered into a Master Capital Lease Purchase agreement with Daimler Truck for a Service Department Dump truck in the amount of \$142,519. The Village is making annual payments of \$33,021, including interest at 5.113% commencing in 2023 with the final payment due in 2027.

The Village disbursed \$163,689 to pay these costs for the Fiscal Year ended December 31, 2024.

Amortization

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

Year Ending December 31:	Various Purpose Bonds 2014	OPWC Loan #CT11M	OPWC Loan #CB22S	OPWC Loan #CT66U
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	167,148	3,666	5,374	6,550
2029	171,733	3,666	5,374	6,550
2030-2034	170,957	18,330	26,869	32,750
2035-2039		18,330	16,122	32,750
2040-2044		7,332		32,750
2045-2049				32,750
2050-2054				3,275
Total	\$1,011,966	\$62,322	\$69,861	\$167,025

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Year Ending December 31:	OPWC Loan #CB13X	OPWC Loan #CT09X	OWDA Loan #4619	OWDA Loan #4809	OWDA Loan #4669
2025	3,984	16,131	4,219	18,735	3,124
2026	3,984	16,131	4,219	18,735	3,124
2027	3,984	16,131	4,219	18,735	1,562
2028	3,984	16,131	4,219	18,735	
2029	3,984	16,131	4,219		
2030-2034	19,919	80,665	21,097		
2035-2039	19,919	80,665	10,549		
2040-2044	9,959	48,393			
2045-2049					
2050-2054					
Total	\$69,717	\$290,378	\$52,741	\$74,940	\$7,810

Year Ending December 31:	OWDA Loan #5165	ODWA Loan #5921	OWDA Loan #6411	HCPD Loan
2025	11,993	9,679	13,055	200,000
2026	11,993	9,679	13,055	
2027	11,993	9,679	13,055	
2028	11,993	9,679	13,055	
2029	11,993	9,679	13,055	
2030-2034	5,996	19,359	52,221	
2035-2039				
2040-2044				
2045-2049				
2050-2054				
Total	\$65,961	\$67,754	\$117,496	\$200,000

Year ending December 31:	OWDA Loan #9702	Fire Truck Capital Lease	Daimler Truck	Total
2025	18,219	75,345	33,021	\$590,405
2026	18,219	75,345	33,021	\$390,531
2027	18,219	75,345	33,021	\$388,915
2028	18,219			\$278,753
2029	14,686			\$261,070
2030-2034				\$448,163
2035-2039				\$178,335
2040-2044				\$98,434
2045-2049				\$32,750
2050-2054				\$3,275
Total	\$87,562	\$226,035	\$99,063	\$2,670,631

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 11 – Transfers

During 2024, the Village transferred the following amounts between funds:

<u>Transfer-Out Fund</u>	<u>Transfer-In Fund</u>	<u>Amount</u>
General	Fire Levy	\$951,621
General	Other Debt Service	\$455,992
General	Water Operating	<u>\$345,819</u>
Total Transfers		\$1,753,432

Note 12 – Contingent Liabilities

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

Note 13 – Fund Balances

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

At year end the balances of these amounts were as follows:

\$28,407 General Fund, \$4,984 Special Revenue and \$738 Enterprise.

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

Village of Lockland, 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, 2023*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$206,539	\$596,076	\$0	\$0	\$802,615
Municipal Income Tax	4,615,113	0	0	0	4,615,113
Intergovernmental	86,251	725,337	0	57,732	869,320
Special Assessments	1,694	430,254	0	0	431,948
Charges for Services	1,407,977	159,140	0	0	1,567,117
Fines, Licenses and Permits	284,707	0	0	0	284,707
Earnings on Investments	23,149	0	0	0	23,149
Miscellaneous	58,203	0	33,956	0	92,159
<i>Total Cash Receipts</i>	<u>6,683,633</u>	<u>1,910,807</u>	<u>33,956</u>	<u>57,732</u>	<u>8,686,128</u>
Cash Disbursements					
Current:					
Security of Persons and Property	2,044,365	1,243,446	0	0	3,287,811
Public Health Services	1,200	0	0	0	1,200
Leisure Time Activities	48,154	0	0	0	48,154
Basic Utility Services	1,914,500	0	0	0	1,914,500
Transportation	0	921,626	0	0	921,626
General Government	919,092	426,954	0	0	1,346,046
Capital Outlay	0	293,472	0	490,825	784,297
Debt Service:					
Principal Retirement	0	0	302,721	0	302,721
Interest and Fiscal Charges	0	0	66,016	0	66,016
<i>Total Cash Disbursements</i>	<u>4,927,311</u>	<u>2,885,498</u>	<u>368,737</u>	<u>490,825</u>	<u>8,672,371</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,756,322</u>	<u>(974,691)</u>	<u>(334,781)</u>	<u>(433,093)</u>	<u>13,757</u>
Other Financing Receipts (Disbursements)					
Loans Issued	0	142,519	0	322,620	465,139
Sale of Capital Assets	0	46	0	0	46
Transfers In	0	668,314	408,249	0	1,076,563
Transfers Out	(1,076,563)	0	0	0	(1,076,563)
Other Financing Uses	(50,000)	0	0	0	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,126,563)</u>	<u>810,879</u>	<u>408,249</u>	<u>322,620</u>	<u>415,185</u>
<i>Net Change in Fund Cash Balances</i>	<u>629,759</u>	<u>(163,812)</u>	<u>73,468</u>	<u>(110,473)</u>	<u>428,942</u>
<i>Fund Cash Balances, January 1</i>	<u>1,301,456</u>	<u>568,104</u>	<u>157,322</u>	<u>546,290</u>	<u>2,573,172</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,931,215</u>	<u>\$404,292</u>	<u>\$230,790</u>	<u>\$435,817</u>	<u>\$3,002,114</u>

See accompanying notes to the basic financial statements

Village of Lockland, Ohio
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, 2023

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$615,182
<i>Total Operating Cash Receipts</i>	<u>615,182</u>
Operating Cash Disbursements	
Personal Services	183,821
Employee Fringe Benefits	71,016
Contractual Services	421,626
Supplies and Materials	224,685
Other	3,792
<i>Total Operating Cash Disbursements</i>	<u>904,940</u>
<i>Operating Income (Loss)</i>	<u>(289,758)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	120,000
Loans Issued	124,000
Capital Outlay	(53,088)
Principal Retirement	(70,549)
Interest and Other Fiscal Charges	(8,475)
Other Financing Sources	5,114
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>117,002</u>
<i>Net Change in Fund Cash Balances</i>	(172,756)
<i>Fund Cash Balances, January 1</i>	<u>256,849</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$84,093</u></u>

See accompanying notes to the basic financial statements

Village of Lockland, Ohio*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, 2023*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Forfeitures and Settlements for Distribution	<u>\$323,363</u>
<i>Total Additions</i>	<u>323,363</u>
Deductions	
Distributions to Other Governments	57,165
Distributions to Other Funds (Primary Gov't)	272,332
Other Distributions	<u>7,621</u>
<i>Total Deductions</i>	<u>337,118</u>
<i>Net Change in Fund Balances</i>	(13,755)
<i>Fund Cash Balances, January 1</i>	<u>33,631</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$19,876</u></u>

See accompanying notes to the basic financial statements

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Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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.

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:

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 2023 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.

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.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,685,419	\$6,683,633	(\$1,786)
Special Revenue	3,218,311	2,721,686	(496,625)
Debt Service	408,248	442,205	33,957
Capital Projects	728,605	380,352	(348,253)
Enterprise	1,306,570	864,296	(442,274)
Total	<u>\$12,347,153</u>	<u>\$11,092,172</u>	<u>(\$1,254,981)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,847,690	\$6,053,874	\$793,816
Special Revenue	3,556,985	2,885,498	671,487
Debt Service	408,248	368,737	39,511
Capital Projects	1,041,519	490,825	550,694
Enterprise	1,305,864	1,037,052	268,812
Total	<u>\$13,160,306</u>	<u>\$10,835,986</u>	<u>\$2,324,320</u>

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts that are not a part of this Pool. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$2,651,750
Total deposits	<u>2,651,750</u>
STAR Ohio	454,333
Total investments	<u>454,333</u>
Total carrying amount of deposits and investments held in the Pool (ties to FS)	<u>3,106,083</u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in the Pool)	25,899
Flexible Spending Account (Not held in the Pool)	1,668
Total Outside Accounts	<u>27,567</u>

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.

The Village has a Flexible Spending Account too that is held outside of the deposit pool where it holds voluntary deductions from employees who have enrolled for that calendar year. The balance in the Village's Flexible Spending Account represents available funds for medical expenses.

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.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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

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, 2023 (latest data available)

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Cash and investments	\$43,996,442
Actuarial liabilities	\$19,743,401

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. For 2023, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Village's full-time Police Officers and one full-time Firefighter belong 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 in 2023. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Part-time Firefighter Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement (HRA) and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for members in the Traditional Pension Plan and combined plan was 0% during calendar year 2023. OP&F contributes 0.5% to fund these benefits.

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

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 healthcare 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, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bonds	\$1,030,000	3.61%
OPWC Loan #CT11M	65,985	0.00%
OPWC Loan #CB02C	7,672	2.00%
OPWC Loan #CB22S	75,233	0.00%
OPWC Loan #CT66U	173,575	0.00%
OPWC Loan #CB13X	73,699	0.00%
OWDA Loan #4619	48,092	2.00%
OWDA Loan #4809	80,242	2.00%
OWDA Loan #4669	9,051	2.00%
OWDA Loan #5165	67,488	2.00%
OWDA Loan #5921	67,103	2.00%
OWDA Loan #6411	112,444	2.00%
OWDA Loan #9702	105,781	2.11%
Fire Truck Capital Lease	273,751	3.96%
2019 Master Capital Lease	53,468	3.47%
Hamilton County Planning & Development Loan	200,000	0.00%
OPWC Loan #CT09X	306,489	0.00%
Damler Truck Financial	116,785	5.11%
Total	<u>\$2,866,858</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 the Water Supply & Treatment Facilities Improvements. The OPWC approved \$128,521 for this project. The Village is repaying this loan in semi-annual payments of \$3,914, over 20 years. The final payment is due July, 2024.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 is repaying this loan in semi-annual payments of \$2,687, over 20 years. The final payment is due July, 2037.

The Ohio Public Works Commission (OPWC) loan #CT66U relates to the S. Cooper Avenue Watermain Replacement Project. The OPWC approved \$196,500 for this project. The Village is repaying this loan in semi-annual payments of \$3,275, over 30 years. The final payment is due January, 2050.

The Ohio Public Works Commission (OPWC) loan #CB13X relates to the Stewart Avenue Rehabilitation Project. The OPWC approved \$81,001 for this project. The Village is repaying this loan in semi-annual payments of \$1,992, over 20 years. The final payment is due July, 2041.

The Ohio Public Works Commission (OPWC) loan #CT09X relates to the Patterson & Central Ave Rehabilitation. The OPWC approved \$322,620 for this project. The Village is repaying this loan in semi-annual payments of \$8,065 over 20 years. The final payment is due July, 2042.

The Ohio Water Development Authority (OWDA) loan #4619 relates to a Waterline Extension for Anthony Wayne. The OWDA approved \$94,822 for this project. The Village is repaying this loan in semi-annual payments 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 a Water Treatment Plants Improvement & 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 the Security Cameras for the Water 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 the Water System Equipment & Upgrades. The OWDA approved \$196,885 for this project. The Village is repaying this loan in semi-annual 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 the 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 the 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.

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 5 years, beginning in the year 2020, the Village repaying the loan in annual payments of \$40,000. No payment was made in 2021-2023. The final payment is due in the year 2024.

The Ohio Water Development Authority (OWDA) loan #9702 relates to the Potable Water System Improvements, Design. The OWDA approved \$364,390 for this project. The Village is repaying this loan in semi-annual payments of \$9,109, including interest, while in a draw period.

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Financed Purchases

The Village has entered into financed purchases 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 US Bank for various vehicles & 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.

During 2023, the Village entered into a Master Capital Lease Purchase agreement with Daimler Truck for a Service Department Dump truck in the amount of \$142,519. The Village is making annual payments of \$33,021, including interest at 5.113% commencing in 2023 with the final payment due in 2027.

The Village disbursed \$163,689 to pay these costs for the Fiscal Year ended December 31, 2023.

Amortization

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

Year Ending December 31:	Various Purpose Bonds 2014	OPWC Loan #CT11M	OPWC Loan #CB02C	OPWC Loan #CB22S	OPWC Loan #CT66U
2024	\$172,183	\$3,666	\$7,828	\$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	167,148	3,666		5,374	6,550
2029-2033	342,689	18,330		26,869	32,750
2034-2038		18,330		21,496	32,750
2039-2043		10,998			32,750
2044-2048					32,750
2049-2053					9,825
Total	\$1,184,148	\$65,988	\$7,828	\$75,235	\$173,575

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Year Ending December 31:	OWDA Loan #5165	OWDA Loan #5921	OWDA Loan #6411	OWDA Loan #9702	HCPD Loan
2024	\$11,993	\$9,679	\$13,055	\$18,219	\$200,000
2025	11,993	9,679	13,055	18,219	
2026	11,993	9,679	13,055	18,219	
2027	11,993	9,679	13,055	18,219	
2028	11,993	9,679	13,055	18,219	
2029-2033	17,989	29,038	65,276	14,686	
Total	\$77,954	\$77,433	\$130,551	\$105,781	\$200,000

Year Ending December 31:	OPWC Loan #CB13X	OPWC Loan #CT09X	OWDA Loan #4619	OWDA Loan #4809	OWDA Loan #4669
2024	\$3,984	\$16,131	\$4,219	\$18,735	\$3,124
2025	3,984	16,131	4,219	18,735	3,124
2026	3,984	16,131	4,219	18,735	3,124
2027	3,984	16,131	4,219	18,735	1,562
2028	3,984	16,131	4,219	18,735	
2029-2033	19,919	80,655	21,097		
2034-2038	19,919	80,655	14,768		
2039-2043	13,943	64,524			
Total	\$73,701	\$306,489	\$56,960	\$93,675	\$10,934

Year Ending December 31:	Finance Purchases	Total
2024	\$163,689	\$658,429
2025	108,366	390,404
2026	108,366	390,531
2027	108,366	388,915
2028		278,753
2029-2033		669,298
2034-2038		187,917
2039-2043		122,215
2044-2048		32,750
2049-2053		\$9,825
Total	\$488,787	\$3,129,037

Note 10 – Transfers

During 2023, the Village transferred the following amounts between funds:

Transfer-Out Fund	Transfer-In Fund	Amount
General	Fire Levy	\$668,314
General	Other Debt Service	\$408,248
Total Transfers		\$1,076,563

Village of Lockland, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Contingent Liabilities

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

Note 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 funds 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 the fiscal year end the Village had no outstanding encumbrances.



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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 combined total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements of the Village of Lockland, Hamilton County, (the Village), and have issued our report thereon dated October 21, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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 2024-001 through 2024-003 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-004.


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
Ohio Auditor of State



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

October 21, 2025

**VILLAGE OF LOCKLAND
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

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) 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 Village did not prepare a cash reconciliation, list of reconciling items, or reconciliation of open items outstanding for the Payroll bank account, HSA bank account, or Mayor's Court bank account for each month of 2023 and 2024.

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:

The current Mayors Court Clerk has been alerted to the need for this procedure and is now reconciling monthly. This error occurred prior to her hire.

FINDING NUMBER 2024-002

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.

FINDING NUMBER 2024-002
(Continued)

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, 2024, 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
General	\$7,989,401	\$7,998,401	(\$9,000)
Fire Levy	1,691,306	1,624,953	66,353
Water Operating	1,692,291	1,506,018	186,273

At December 31, 2023, 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
Water Operating	\$1,305,864	\$1,230,864	\$75,000

At December 31, 2024, 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	\$7,926,681	\$7,222,769	\$703,912
Street Construction Maintenance and Repair	462,032	575,732	(113,700)
Community Development Block Grant	0	35,000	(35,000)
US EPA Brownfield	499,067	247,576	251,491
Lead Line Project	105,176	90,203	14,973
H2Ohio Equipment Grant	10,000	0	10,000
Fire Levy	1,432,903	1,646,336	(213,433)
Mayor's Court Computer	35,000	18,970	16,030
Debt Service	408,249	418,444	(10,195)
Lead Line Mapping Grant	29,541	0	29,541
Permanent Improvement	0	1,428,000	(1,428,000)
Water Operating	1,435,670	1,500,018	(64,348)

FINDING NUMBER 2024-002
(Continued)

At December 31, 2023, 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	\$6,685,419	\$6,660,872	\$24,547
Street Construction Maintenance and Repair	462,032	440,031	22,001
US EPA Brownfield	499,067	520,000	(20,933)
Coronavirus Relief	106	100,452	(100,346)
Mayor's Court Computer	35,000	18,417	16,583
North Wayne Improvement	0	17,368	(17,368)
Permanent Improvement	0	714,000	(714,000)
Water Operating	1,306,570	1,249,264	57,306

In addition, the following conditions related to the notes to the financial statements were identified due to the lack of proper posting to the ledgers:

- Final Budgeted Receipts for the General Fund and Capital Projects Funds were understated by \$703,912 and \$29,541, respectively, for 2024.
- Final Budgeted Receipts for the Special Revenue Funds, Debt Service Funds, and Enterprise Funds were overstated by \$75,534, \$10,195, and \$64,348, respectively, for 2024.
- Final Budgeted Disbursements for the General Fund were overstated by \$14,231 for 2024.
- Final Budgeted Disbursements for the Special Revenue Funds, Capital Projects Funds, and Enterprise Funds were understated by \$66,256, \$250,000, and \$186,273, respectively, for 2024.
- Final Budgeted Receipts for the General Fund and Enterprise Funds were understated by \$24,547 and \$57,306, respectively, for 2023.
- Final Budgeted Receipts for the Special Revenue Funds and Capital Projects Funds were overstated by \$82,695 and \$17,367, respectively, for 2023.
- Final Budgeted Disbursements for the Capital Projects Funds and Enterprise Funds were understated by \$295,547 and \$75,000, respectively, for 2023.

The notes to the financial statements were corrected for these errors, as agreed to by management.

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. Additional steps should be taken to ensure notes to the financial statements include accurate information.

FINDING NUMBER 2024-002
(Continued)

Officials' Response:

In trying to eliminate the need to transfer to Fire, accounts have been created in the General fund for Fire in conjunction with the Fire Special Revenue Fund that is financed from money from the 2 current levies. The Finance Director is also aware that if Council approves a transfer, it needs to be done in full immediately following Council approval. Paying certain Fire Department costs predominantly from the General Fund will allow the Village to maintain the AOS's request for Council approval and actual transfers to match at all times.

FINDING NUMBER 2024-003

Material Weakness – Financial Reporting

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

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements, footnotes, and accounting records were identified:

- The Village did not report the Mayor's Court cash fund balances, receipts and disbursements in the 2024 and 2023 financial statements. For 2024, the Mayor's Court Custodial Fund had a Beginning Fund Balance of \$19,876, Fines, Forfeitures and Settlements for Distribution receipts of \$302,647, Distributions to Other Governments of \$49,086, Distributions to Other Funds (Primary Gov't) of \$230,458, Other Distributions of \$14,245, and an Ending Fund Balance of \$28,734. For 2023, the Mayor's Court Custodial Fund had a Beginning Fund Balance of \$33,631, Fines, Forfeitures and Settlements for Distribution receipts of \$323,363, Distributions to Other Governments of \$57,165, Distributions to Other Funds (Primary Gov't) of \$272,332, Other Distributions of \$7,621, and an Ending Fund Balance of \$19,876.
- The Village incorrectly reported the Permanent Improvement Fund in the Permanent Funds in 2024 and 2023 rather than in the Capital Projects Funds. For 2024, the Permanent Improvement Fund had a Beginning Fund Balance of \$418,449, Intergovernmental receipts of \$10,000, Capital Outlay disbursements of \$56,792, and an Ending Fund Balance of \$371,657. For 2023, the Permanent Improvement Fund had a Beginning Fund Balance of \$528,922, Intergovernmental receipts of \$57,732, Capital Outlay disbursements of \$168,205, and an Ending Fund Balance of \$418,449.
- The Village did not report its Damier truck loan in the Special Revenue Funds. Loan Proceeds and Capital Outlay disbursements in the Special Revenue Funds were each understated by \$142,519 in 2023.
- The Village did not report an Ohio Public Works Commission (OPWC) Loan in the Capital Projects Funds. Loans Issued and Capital Outlay disbursements were each understated by \$322,620 in 2023.
- Loans Issued totaling \$79,000 and \$124,000 in the Enterprise Funds for the Ohio Works Development Authority (OWDA) was incorrectly reported as Intergovernmental receipts in 2024 and 2023, respectively.
- Principal Retirement totaling \$323,399 and \$302,721 in the Debt Service Funds was incorrectly reported as Interest and Fiscal Charges in 2024 and 2023, respectively.

FINDING NUMBER 2024-003
(Continued)

- Principal Retirement totaling \$71,601 and \$70,549 in the Enterprise Funds was incorrectly reported as Interest and Other Fiscal Charges in 2024 and 2023, respectively.

The financial statements and the accounting system have been adjusted for these errors as applicable and agreed to by management.

In addition to the adjustments listed above, additional immaterial misstatements ranging from \$170 to \$20,990 were identified that were brought to the Village's attention.

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. It is important that the Council take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

The Village should establish and implement procedures to ensure due care is exercised when posting entries to the financial records and preparing financial statements. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

Prior administration made the decision to handle the Hinkle filings internally and cease use of an outside Accounting firm. In the attempt to complete the Hinkle filings independently, the Mayors Court cash fund balances were inadvertently left out of the report, as the UAN does not allow for the reporting on Mayor's Court in the same way it does all other Village funds. Because the Mayor's Court reporting must be done manually, the Village has elected to use an outside Accounting firm to ensure accuracy and completeness. Going forward, the Finance Director will be employing an outside Accounting Firm to audit at the end of each year, at least in the near future, to help with filing the required Hinkle report.

FINDING NUMBER 2024-004

Noncompliance – Appropriations Exceeding 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 therefrom, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority 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.

Due to lack of controls over budgetary compliance, at December 31, 2024, the Village's appropriations exceeded the amount certified as available by the budget commission in the Five Levy Special Revenue Fund and Water Operating Enterprise Fund by \$258,403 and \$243,923, respectively.

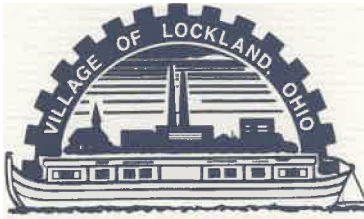
Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

FINDING NUMBER 2024-004
(Continued)

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 Village Council to reduce the appropriations.

Officials' Response:

The Finance Director will make sure to transfer the monies that Council approves in the exact, full amount authorized by Council Ordinance, instead of "what is needed" to avoid budgetary compliance issues with the Certificate of Estimated Resources to Hamilton County.



VILLAGE OF LOCKLAND

Mayor
Mark Mason Sr.

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

Village Administrator
Douglas W. Wehmeyer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2024 AND 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Cash Reconciliation Process Errors	Not Corrected	Reissued as Finding 2024-001
2022-002	Budgetary Amounts Not Recorded in the Accounting System	Not Corrected	Reissued as Finding 2024-002
2022-003	Interfund Transfers	Partially Corrected	Reissued in the Management Letter

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 11/13/2025

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

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