



Dave Yost • Auditor of State



VILLAGE OF FLORIDA  
HENRY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Florida  
Henry County  
111 East High Street  
Napoleon, Ohio 43545-9204

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Florida, Henry County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 21, 2016

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,057	\$10,765	\$25,822
Intergovernmental	9,634	13,888	23,522
Earnings on Investments	260		260
Miscellaneous	227		227
<i>Total Cash Receipts</i>	<u>25,178</u>	<u>24,653</u>	<u>49,831</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	2,718	9,799	12,517
Public Health Services	304		304
Leisure Time Activities	843		843
Basic Utility Services	417		417
Transportation		5,757	5,757
General Government	19,161	201	19,362
<i>Total Cash Disbursements</i>	<u>23,443</u>	<u>15,757</u>	<u>39,200</u>
<i>Net Change in Fund Cash Balances</i>	1,735	8,896	10,631
<i>Fund Cash Balances, January 1</i>	<u>(1,182)</u>	<u>95,809</u>	<u>94,627</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		104,705	104,705
Unassigned	553		553
<i>Fund Cash Balances, December 31</i>	<u>\$553</u>	<u>\$104,705</u>	<u>\$105,258</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$226,055		\$226,055
Miscellaneous	2,621		2,621
<i>Total Operating Cash Receipts</i>	<u>228,676</u>		<u>228,676</u>
<b>Operating Cash Disbursements</b>			
Personal Services	36,081		36,081
Employee Fringe Benefits	5,114		5,114
Contractual Services	134,312	\$19,080	153,392
Supplies and Materials	4,160		4,160
<i>Total Operating Cash Disbursements</i>	<u>179,667</u>	<u>19,080</u>	<u>198,747</u>
<i>Operating Income (Loss)</i>	<u>49,009</u>	<u>(19,080)</u>	<u>29,929</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	19,040		19,040
Special Assessments	35,323		35,323
Charges for Services		19,109	19,109
Earnings on Investments (proprietary funds only)	13		13
Other Debt Proceeds	2,172		2,172
Capital Outlay	(2,172)		(2,172)
Principal Retirement	(49,898)		(49,898)
Interest and Other Fiscal Charges	(46,308)		(46,308)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,830)</u>	<u>19,109</u>	<u>(22,721)</u>
<i>Net Change in Fund Cash Balances</i>	7,179	29	7,208
<i>Fund Cash Balances, January 1</i>	<u>285,358</u>	<u>2,054</u>	<u>287,412</u>
<i>Fund Cash Balances, December 31</i>	<u>\$292,537</u>	<u>\$2,083</u>	<u>\$294,620</u>

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF FLORIDA  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,347	\$11,035	\$26,382
Intergovernmental	8,402	13,974	22,376
Earnings on Investments	167	11	178
Miscellaneous	135		135
	<u>24,051</u>	<u>25,020</u>	<u>49,071</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	3,151	11,345	14,496
Public Health Services	1,023		1,023
Leisure Time Activities	1,491		1,491
Basic Utility Services	273		273
Transportation		8,757	8,757
General Government	26,574	337	26,911
	<u>32,512</u>	<u>20,439</u>	<u>52,951</u>
<i>Total Cash Disbursements</i>	<u>32,512</u>	<u>20,439</u>	<u>52,951</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,461)</u>	<u>4,581</u>	<u>(3,880)</u>
<i>Fund Cash Balances, January 1</i>	<u>7,279</u>	<u>91,228</u>	<u>98,507</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		95,809	95,809
Unassigned (Deficit)	(1,182)		(1,182)
	<u>(1,182)</u>	<u>95,809</u>	<u>(1,182)</u>
<i>Fund Cash Balances, December 31</i>	<u>(1,182)</u>	<u>\$95,809</u>	<u>\$94,627</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$218,994		\$218,994
<i>Total Operating Cash Receipts</i>	<u>218,994</u>		<u>218,994</u>
<b>Operating Cash Disbursements</b>			
Personal Services	35,160		35,160
Employee Fringe Benefits	4,982		4,982
Contractual Services	133,668	\$22,599	156,267
Supplies and Materials	4,524		4,524
<i>Total Operating Cash Disbursements</i>	<u>178,334</u>	<u>22,599</u>	<u>200,933</u>
<i>Operating Income (Loss)</i>	<u>40,660</u>	<u>(22,599)</u>	<u>18,061</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	35,174		35,174
Charges for Services		19,667	19,667
Earnings on Investments (proprietary funds only)	5		5
Principal Retirement	(45,985)		(45,985)
Interest and Other Fiscal Charges	(47,882)		(47,882)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(58,688)</u>	<u>19,667</u>	<u>(39,021)</u>
<i>Loss before Transfers</i>	<u>(18,028)</u>	<u>(2,932)</u>	<u>(20,960)</u>
Transfers In	33,000		33,000
Transfers Out	(33,000)		(33,000)
<i>Net Change in Fund Cash Balances</i>	<u>(18,028)</u>	<u>(2,932)</u>	<u>(20,960)</u>
<i>Fund Cash Balances, January 1</i>	<u>303,386</u>	<u>4,986</u>	<u>308,372</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$285,358</u></u>	<u><u>\$2,054</u></u>	<u><u>\$287,412</u></u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Florida, Henry County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Henry County Sheriff's department to provide security of persons and property. The Village contracts with Richland Township – Jewell Rescue and Flatrock Township to receive fire protection services and emergency medical services.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 7 to the financial statements provides additional information about this entity.

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

**B. Accounting Basis**

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

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

**C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Emergency Medical Services Fund – This fund receives tax levy money for the purpose of providing emergency medical service for Village residents.

**3. Enterprise Funds**

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

**4. Fiduciary Funds (Agency Fund)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Henry County Regional Water and Sewer District.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. Assigned**

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

**5. 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

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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.

**G. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2015	2014
Demand deposits	\$283,396	\$265,681
STAR Ohio	116,482	116,358
Total deposits and investments	\$399,878	\$382,039

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,897	\$25,178	(\$9,719)
Special Revenue	22,245	24,653	2,408
Enterprise	333,297	285,224	(48,073)
Total	\$390,439	\$335,055	(\$55,384)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$23,443	(\$23,443)
Special Revenue		15,757	(15,757)
Enterprise		278,045	(278,045)
Total		\$317,245	(\$317,245)

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,869	\$24,051	(\$11,818)
Special Revenue	35,795	25,020	(10,775)
Enterprise	320,368	287,173	(33,195)
Total	\$392,032	\$336,244	(\$55,788)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,650	\$32,512	\$1,138
Special Revenue	22,350	20,439	1,911
Enterprise	365,806	305,201	60,605
Total	\$421,806	\$358,152	\$63,654

Contrary to Ohio law, the Village failed to formally adopt a permanent appropriation measure for the year ended December 31, 2015. Additionally, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$28,443, in the Special Revenue Fund by \$15,757, and in the Enterprise Fund by \$286,131 for the year ended December 31, 2015.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds Series 1981	\$25,800	1.5-2.88%
Mortgage Revenue Bonds Series 2006	892,137	5.00%
Ohio Water Development Authority Loan #4262	149,099	5.00%
Ohio Water Development Authority Loan #6495	75,616	2.00%
Ohio Public Works Commission Loan #CE21O	98,169	0.00%
Total	\$1,240,821	

**VILLAGE OF FLORIDA  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

The Mortgage Revenue Bonds Series 1981 were issued for the construction of a municipal waterworks system. The bonds will be repaid in annual installments until 2018. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the United States Department of Agriculture (USDA) debt service requirements.

The Mortgage Revenue Bonds Series 1981 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2015 is \$ 17,636.

The Mortgage Revenue Bonds Series 2006 were issued for the purpose of retiring an interim loan for the purpose of sanitary sewer improvements. The bonds will be repaid in semi-annual installments until 2046. The Village has agreed to set utility rates sufficient to cover the United State Department of Agriculture (USDA) debt service requirements.

The Mortgage Revenue Bonds Series 2006 covenant requires the Village to establish and fund a debt service reserve fund, included as an Enterprise fund. The balance in the fund at December 31, 2015 is \$54,604.

The Ohio Water Development Authority (OWDA) loan 4262 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be paid off in 2036.

In 2012, the Ohio Public Works Commission (OPWC) disbursed \$160,850 in grant proceeds and \$114,150 in loan proceeds (CE210) for the elevated tank repairs, painting, and distribution system. The loan will be repaid from the Water fund over a period of 25 years. The loan will be paid off in 2037.

In 2013, the Ohio Water Development Authority (OWDA) approved loan 6495 for \$81,804 for an elevated tank and system repairs project. As of December 31, 2015, OWDA has disbursed \$80,004 even though loan not finalized. Once all loan proceeds have been received, the loan will be repaid from the Water fund over a period of 30 years and included in amortization schedule. The loan will be paid off in 2043.

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



**VILLAGE OF FLORIDA  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

Year ending December 31:	Mortgage Revenue Bonds Series 1981	Mortgage Revenue Bonds Series 2006	OWDA Loan 4262	OPWC Loan
2016	\$12,490	\$65,209	\$8,303	\$2,283
2017	12,230	65,163	8,304	4,566
2018	3,255	65,201	8,303	4,566
2019		65,224	8,303	4,566
2020		65,127	8,302	4,566
2021-2025		325,780	41,518	22,830
2026-2030		325,617	41,512	22,830
2031-2035		181,543	41,518	22,830
2036-2040		145,658	8,304	9,132
2041-2045		145,524		
2046		29,155		
Total	<u>\$27,975</u>	<u>\$1,479,201</u>	<u>\$174,367</u>	<u>\$98,169</u>

Contrary to its United States Department of Agriculture (USDA) debt agreement the Village did not submit an annual budget statement to the USDA in either 2015 or 2014.

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty.

**VILLAGE OF FLORIDA  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. COMPLIANCE**

- Contrary to Ohio Rev. Code § 5705.10 the Village posted certain revenues to improper funds.
- Contrary to Ohio Rev. Code § 5705.16 the Village failed to formally authorize transfers.



# Dave Yost • Auditor of State

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

Village of Florida  
Henry County  
111 East High Street  
Napoleon, Ohio 43545-9204

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Florida, Henry County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 21, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2015-002 through 2015-005 described in the accompanying schedule of findings to be material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-001 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001, 2015-003 through 2015-005.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 21, 2016

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Noncompliance Citation - Significant Deficiency**

**7 CFR Part 1780.47(f)(2)** requires the Village to submit, among other things, a Statement of Budget, Income, and Equity to the United States Department of Agriculture (USDA) prior to the beginning of each fiscal year.

There was no evidence the Village submitted any of the documents required by 7 CFR Part 1780.47(f)(2) to the USDA for 2014 or 2015.

This occurred due to Fiscal Officer oversight.

Failure to submit the proper documentation is a violation of the Village's debt covenant and could result in a lack of future funding.

We recommend the Village submit a Statement of Budget, Income, and Equity to the United States Department of Agriculture (USDA) prior to the beginning of each fiscal year

**FINDING NUMBER 2015-002**

**Material Weakness – Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The 2014 financial statements contained the following errors:

- Real estate and manufactured home rollback monies, totaling \$3,316 in the General Fund and \$2,237 in the Emergency Medical Services Fund, were incorrectly posted as Taxes instead of as Intergovernmental Revenues on the financial statements.
- Monies received from the Village of Okolona for water services, totaling \$19,667, were incorrectly recorded as Intergovernmental Revenue instead of Non-Operating Charges for Services in the Agency Fund.
- Supplemental appropriations were not voted on and passed during Village Council sessions, however, the supplemental appropriations were made in the UAN system.

The 2015 financial statements contained the following errors:

- Real estate and manufactured home rollback monies, totaling \$3,059 in the General Fund and \$2,191 in the Emergency Medical Services Fund, were incorrectly posted as Taxes instead of Intergovernmental Revenues on the financial statements.
- Monies received from the County for the maintenance, operation, and repair of the Okolona Waterline, totaling \$19,040, were incorrectly recorded as Miscellaneous Revenue in the Water Operating Fund instead of Intergovernmental Revenues on the financial statements.
- Monies received from the Village of Okolona for water services, totaling \$19,109, were incorrectly recorded as Intergovernmental Revenue instead of Non-Operating Charges for Services in the Agency Fund.

Additional entries were made in smaller relative amounts that were not material to the financial statements, but were necessary to account for posting errors that exceeded our trivial misstatement amount. These errors were a result of inadequate policies and procedures in reviewing the financial

statements and accounting records throughout the audit period. The accompanying financial statements have been adjusted to correct these errors.

To help ensure the Village's financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by Council and the audit committee to identify and correct errors, omissions, and misclassifications.

#### **FINDING NUMBER 2015-003**

##### **Noncompliance Citation – Material Weakness**

**Ohio Rev. Code § 5705.38 (A)** requires on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass an temporary appropriation measure for meeting the ordinary expenses until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

There was no indication in the 2015 minutes that Council approved an appropriation measure for 2015; however, appropriations were recorded by the Fiscal Officer.

Further, **Ohio Rev. Code § 5705.41(B)** provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditures exceeded appropriations in all funds in 2015 since annual appropriation measures were not formally approved by Council and documented in the minutes.

Failure to pass an official appropriation measure and formally amend appropriation measures, which serves as a tool by which expenditures can be monitored, could result in overspending.

The notes to the financial statements have been adjusted to reflect no approved appropriations for 2015.

We recommend Council formally approve annual appropriation measures in the minutes in accordance with the proper legal level of control. Any subsequent changes to original appropriation measures should be approved by Council and documented in the minutes as well. Additionally, expenditures should be limited to established appropriation limitations.

#### **FINDING NUMBER 2015-004**

##### **Noncompliance Citation – Material Weakness**

**Ohio Rev. Code § 5705.16** provides that a resolution of the taxing authority of any political subdivision shall be passed by a majority of all the members thereof, declaring the necessity for the transfer of funds authorized by section §5705.15 of the Revised Code, and such taxing authority shall prepare a petition addressed to the court of common pleas of the county in which the funds are held. The petition shall set forth the name and amount of the fund, the fund to which it is desired to be transferred, a copy of such resolution with a full statement of the proceedings pertaining to its passage, and the reason or necessity

for the transfer. A duplicate copy of said petition shall be forwarded to the tax commissioner for the commissioner's examination and approval.

The transfer made to the Water Operating Fund from the General Fund in 2015, totaling \$5,000, was not formally approved and therefore disallowed. The transfer made to the General Fund from the Water Operating Fund in 2015; also totaling \$5,000, was not approved via court order or by the tax commissioner, and was therefore illegally made.

The financial statements have been adjusted to account for the elimination of these transfers.

We recommend that all transfers be approved by Council in the minutes and that ordinances are passed authorizing all transfers out of any fund for the Village. Further, we recommend any transfers made from an Enterprise Fund to the General Fund follow the requirements as set forth in Ohio Rev. Code § 5705.16.

#### **FINDING NUMBER 2015-005**

##### **Noncompliance Citation – Material Weakness**

**Ohio Rev. Code § 5705.10** provides that all money paid into any fund shall be used only for the purpose for which such fund is established. Furthermore, this code section requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.

In 2014, the following exceptions were noted:

- State and local highway monies totaling \$2,088 were incorrectly posted to the General Fund instead of to the Street Construction, Maintenance, and Repair Fund.
- Both Permissive Motor Vehicle License Tax and County motor vehicle license tax monies were incorrectly posted between the Street Construction, Maintenance and Repair Fund and the Permissive Motor Vehicle License Tax Fund, resulting in a net adjustment of \$701 from the Permissive Motor Vehicle License Tax Fund to the Street Construction, Maintenance and Repair Fund.

In 2015, the following exceptions were noted:

- Both Permissive Motor Vehicle License Tax and County motor vehicle license tax monies were incorrectly posted between the Street Construction, Maintenance and Repair Fund and the Permissive Motor Vehicle License Tax Fund, resulting in a net adjustment of \$163 from the Permissive Motor Vehicle License Tax Fund to the Street Construction, Maintenance and Repair Fund.
- OWDA loan proceeds, and subsequent expenses, of \$2,712, were not properly posted to the Water Operating Fund, and were instead posted to the Agency Fund.

These mispostings were corrected on the Village's financial statements and accounting records and were the result of the Fiscal Officer posting receipts to improper funds.

Failure to properly post receipts could lead to the overstatement of fund balances.

Financial activity should be properly reported in the accounting ledgers so management can better assess whether or not financial goals are being met on an ongoing basis.

##### **Officials' Response:**

We did not receive a response from Officials to the findings reported above.

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**VILLAGE OF FLORIDA  
HENRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Finding was first issued in the 2010-2011 audit. Noncompliance citation – Ohio Rev. Code § 5705.41(D) – for lack of documentation of proper certification of expenditures.	Fully corrected.	
2013-002	Finding was first issued in the 2008-2009 audit. Noncompliance citation/material weakness – Ohio Rev. Code § 5705.10 – various posting errors between funds were noted.	Not corrected and repeated as Finding 2015-005 in this report.	Recurrence happened due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure monies are properly posted.
2013-003	Finding was first issued in the 2006-2007 audit. Material weakness – due to various material posting errors between line items in various funds.	Not corrected and repeated as Finding 2015-002 in this report.	Recurrence happened due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure monies are properly posted.
2013-004	Finding was first issued in the 2006-2007 audit. Noncompliance citation – 7 CFR Part 1780.47(f)(2) – failure to submit, among other things, a Statement of Budget, Income, and Equity to the United States Department of Agriculture (USDA) prior to the beginning of each fiscal year.	Not corrected and repeated as Finding 2015-001 in this report.	Recurrence happened due to inadequate policies and procedures in submitting the proper paperwork to the oversight agency. Village Fiscal Officer will submit the required reports to the USDA by the required deadline.
2013-005	Finding was first issued in the 2013-2014 audit. Noncompliance citation/material weakness – Ohio Rev. Code § 5705.38 – failure to pass a formal appropriation measure.	Not corrected and repeated as Finding 2015-003 in this report.	Recurrence happened due to inadequate policies and procedures in formally approving appropriation measures, and amendments. Village Council will begin formally approving all appropriation measures, as well as subsequent amendments, and noting the approval in the Minutes.

2013-006	Finding was first issued in the 2002-2003 audit. Noncompliance citation/material weakness – Ohio Rev. Code § 5705.41(B) – expenditures in excess of appropriations.	Not corrected and repeated as Finding 2015-003 in this report.	Recurrence happened due to inadequate policies and procedures in formally approving appropriation measures, and amendments. Village Council will begin formally approving all appropriation measures, as well as subsequent amendments, and noting the approval in the minutes.
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# Dave Yost • Auditor of State

VILLAGE OF FLORIDA

HENRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 19, 2017