



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF FAYETTEVILLE
BROWN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Fayetteville
Brown County
81 West Pike Street
Fayetteville, Ohio 45118

To the Village Council:

Report on the Financial Statements

We have audited the accompanying 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Fayetteville, Brown County, Ohio (the Village).

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(C) 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 such 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 adverse and qualified audit opinions.

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

As described in Note 2 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(C), 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(C) 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, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

Basis for Additional Opinion Qualification

Fines, Licenses and Permits receipts (2020) and Other Financing Sources receipts (2019) are reported at \$139,173 and \$113,787 for the years ended December 31, 2020 and 2019, respectively, which is 100 percent of total Mayors Court Fund Additions/Other Financing Sources for the years ended December 31, 2020 and 2019. Other Distributions (2020) and Other Financing Uses (2019) are reported at \$114,662 and \$117,539 for the years ended December 31, 2020 and 2019, respectively which is 100 percent of total Mayor's Court Fiduciary Fund Other Distributions/Other Financing Uses. We were unable to obtain sufficient appropriate audit evidence supporting the occurrence, completeness and existence of transactions recorded as fines, licenses and permits/other financing sources receipts and Other Distributions/Other Financing Uses. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019 and the related notes of the Village of Fayetteville, Brown County, Ohio in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2- 03(C) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, 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.



Keith Faber
Auditor of State
Columbus, Ohio
March 26, 2024

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Village of Fayetteville, Ohio*Brown County**Combined Statement of Receipts, Disbursements**and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$40,138	\$21,827	\$61,965
Intergovernmental	12,966	31,310	44,276
Charges for Services	9,500	6,816	16,316
Fines, Licenses and Permits	47,590	37,125	84,715
Earnings on Investments	66	19	85
Miscellaneous	28,615	2,000	30,615
<i>Total Cash Receipts</i>	<u>138,875</u>	<u>99,097</u>	<u>237,972</u>
Cash Disbursements			
Current:			
Security of Persons and Property	65,704	78,483	144,187
Public Health Services	1,000	0	1,000
Leisure Time Activities	2,896	0	2,896
Transportation	0	51,839	51,839
Personal Services	0	0	0
General Government	69,143	0	69,143
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Cash Disbursements</i>	<u>138,743</u>	<u>130,322</u>	<u>269,065</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>132</u>	<u>(31,225)</u>	<u>(31,093)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	<u>0</u>	<u>752</u>	<u>752</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>752</u>	<u>752</u>
<i>Net Change in Fund Cash Balances</i>	132	(30,473)	(30,341)
<i>Fund Cash Balances, January 1</i>	<u>10,554</u>	<u>63,940</u>	<u>74,494</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,686</u></u>	<u><u>\$33,467</u></u>	<u><u>\$44,153</u></u>

See accompanying notes to the basic financial statements

Village of Fayetteville, Ohio

Brown County

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

All Proprietary Fund Types

For the Year Ended December 31, 2020

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$209,502
<i>Total Operating Cash Receipts</i>	209,502
Operating Cash Disbursements	
Personal Services	19,642
Employee Fringe Benefits	2,703
Contractual Services	52,130
Supplies and Materials	77,292
Other	125,433
<i>Total Operating Cash Disbursements</i>	277,200
<i>Operating Income (Loss)</i>	(67,698)
Non-Operating Receipts (Disbursements)	
Principal Retirement	(4,396)
Interest and Other Fiscal Charges	(1,314)
<i>Total Non-Operating Receipts (Disbursements)</i>	(5,710)
<i>Net Change in Fund Cash Balances</i>	(73,408)
<i>Fund Cash Balances, January 1</i>	160,358
<i>Fund Cash Balances, December 31</i>	\$86,950

See accompanying notes to the basic financial statements

Village of Fayetteville, Ohio
Brown County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Fund Types
	Custodial
	Mayor's Court
Additions	
Fines, Licenses and Permits for Distribution	139,173
<i>Total Additions</i>	139,173
Deductions	
Other Distributions	114,662
<i>Total Deductions</i>	114,662
<i>Net Change in Fund Balances</i>	24,511
<i>Fund Cash Balances, January 1</i>	354
<i>Fund Cash Balances, December 31</i>	\$24,865

See accompanying notes to the basic financial statements

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Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Fayetteville (the Village), Brown 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, street maintenance and repair, and police services.

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.

Highway Fund The Highway fund accounts for gasoline tax and motor vehicle tax used to pay for the cost associated with providing and maintaining traffic signals.

Police Levy Fund The police levy fund accounts for local taxes used to pay for the cost associated with providing and maintaining police department vehicles, equipment, building and police protection services to the Village residents.

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:

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Fiduciary Funds Fiduciary funds include custodial funds. 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 Mayor's Court. Mayor's Court receives monies from collections of fines imposed from tickets issued by the Village's police protection force. The funds collected, are in part, on behalf of the State of Ohio.

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 Council 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 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.

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.

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:

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded the amount certified as available by the budget commission in the General fund by \$36,000 for the year ended December 31, 2020.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$151,560	\$138,875	(\$12,685)
Special Revenue	98,610	99,849	1,239
Enterprise	211,000	209,502	(1,498)
Total	\$461,170	\$448,226	(\$12,944)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,425	\$146,697	\$59,728
Special Revenue	153,453	135,095	18,358
Enterprise	361,453	285,267	76,186
Total	\$721,331	\$567,059	\$154,272

Note 5 – Deposits

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. A summary of the Village’s deposit accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$155,968
Total deposits	155,968

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

Deposits

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

Note 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

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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

Note 7 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. – 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 administration services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

	Principal	Interest Rate
Ohio Water Development Authority Loan	170,815	1.5%
Total	\$170,815	

The Ohio Water Development Authority (OWDA) loan relates to a water tank relocation. The OWDA approved up to \$275,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$5,710, including interest, over 30 years.

Amortization

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

Year Ending December 31:	OWDA Loan
2021	\$17,131
2022	11,421
2023	11,421
2024	11,421
2025	11,421
2026-2030	57,104
2031-2035	57,104
2036-2040	17,131
Total	\$194,154

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpended 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:

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	7,954	4,773	12,727
<i>Total</i>	<u>\$7,954</u>	<u>\$4,773</u>	<u>\$12,727</u>

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

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$45,851	\$21,183	\$67,034
Intergovernmental	15,334	38,632	53,966
Charges for Services	35,869	5,338	41,207
Fines, Licenses and Permits	28,351	61,297	89,648
Earnings on Investments	137	19	156
Miscellaneous	4,078	0	4,078
<i>Total Cash Receipts</i>	<u>129,620</u>	<u>126,469</u>	<u>256,089</u>
Cash Disbursements			
Current:			
Security of Persons and Property	69,146	83,928	153,074
Public Health Services	959	0	959
Leisure Time Activities	15,985	0	15,985
Transportation	0	21,136	21,136
Personal Services	0	0	0
General Government	58,216	6,075	64,291
Debt Service:			
Principal Retirement	0	2,595	2,595
Interest and Fiscal Charges	0	162	162
<i>Total Cash Disbursements</i>	<u>144,306</u>	<u>113,896</u>	<u>258,202</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,686)</u>	<u>12,573</u>	<u>(2,113)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	3,725	944	4,669
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,725</u>	<u>944</u>	<u>4,669</u>
<i>Net Change in Fund Cash Balances</i>	(10,961)	13,517	2,556
<i>Fund Cash Balances, January 1</i>	<u>21,515</u>	<u>50,423</u>	<u>71,938</u>
Fund Cash Balances, December 31			
Nonspendable	0	0	0
Restricted	0	63,940	63,940
Committed	0	0	0
Assigned	10,554	0	10,554
Unassigned (Deficit)	0	0	0
<i>Fund Cash Balances, December 31</i>	<u>\$10,554</u>	<u>\$63,940</u>	<u>\$74,494</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$208,510	\$0	\$208,510
Special Assessments	2,043	0	2,043
<i>Total Operating Cash Receipts</i>	<u>210,553</u>	<u>0</u>	<u>210,553</u>
Operating Cash Disbursements			
Personal Services	8,878	0	8,878
Employee Fringe Benefits	2,087	0	2,087
Contractual Services	57,961	0	57,961
Supplies and Materials	25,317	0	25,317
Other	80,788	0	80,788
<i>Total Operating Cash Disbursements</i>	<u>175,031</u>	<u>0</u>	<u>175,031</u>
<i>Operating Income (Loss)</i>	<u>35,522</u>	<u>0</u>	<u>35,522</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(8,695)	0	(8,695)
Interest and Other Fiscal Charges	(2,726)	0	(2,726)
Other Financing Sources	0	113,787	113,787
Other Financing Uses	0	(117,539)	(117,539)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,421)</u>	<u>(3,752)</u>	<u>(15,173)</u>
<i>Net Change in Fund Cash Balances</i>	24,101	(3,752)	20,349
<i>Fund Cash Balances, January 1</i>	<u>136,257</u>	<u>4,106</u>	<u>140,363</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$160,358</u></u>	<u><u>\$354</u></u>	<u><u>\$160,712</u></u>

See accompanying notes to the basic financial statements

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Fayetteville (the Village), Brown 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, street maintenance and repair, and police services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Highway Fund The Highway fund accounts for gasoline tax and motor vehicle tax used to pay for the cost associated with providing and maintaining traffic signals.

Police Levy Fund The police levy fund accounts for local taxes used to pay for the cost associated with providing and maintaining police department vehicles, equipment, building and police protection services to the Village residents.

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:

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For the Year Ended December 31, 2019

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

Fiduciary Funds Fiduciary funds include custodial funds. The Village's custodial fund accounts for Mayor's Court. Mayor's Court receives monies from collections of fines imposed from tickets issued by the Village's police protection force. The funds collected, are in part, on behalf of the State of Ohio.

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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

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.

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:

Village of Fayetteville, Ohio
Brown County
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For the Year Ended December 31, 2019

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded the amount certified as available by the budget commission in the Police fund by \$6,946 for the year ended December 31, 2019.

Note 4 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$122,038	\$133,345	\$11,307
Special Revenue	112,960	127,413	14,453
Enterprise	206,100	210,553	4,453
Total	\$441,098	\$471,311	\$30,213

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,882	\$145,196	(\$1,314)
Special Revenue	154,642	113,994	40,648
Enterprise	342,160	186,696	155,464
Total	\$640,684	\$445,886	\$194,798

Note 5 – Deposits

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

	2019
Demand deposits	\$235,206
Total deposits	235,206

Deposits

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

Note 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.

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

Note 7 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. – formerly known as the Ohio Government Risk Management Plan, (the “Plan”), a non-assessable, unincorporated non-profit association providing a

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

formalized, jointly administered self-insurance risk management program and other administration services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

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

	<u>Principal</u>
Ohio Water Development Authority Loan	<u>\$175,211</u>
Total	<u><u>\$175,211</u></u>

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant extension project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$275,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$5,710, including interest, over 30 years. The interest rate is 1.5%.

Amortization

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

Village of Fayetteville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Year Ending December 31:	<u>OWDA Loan</u>
2020	\$11,421
2021	11,421
2022	11,421
2023	11,421
2024	11,421
2025-2029	57,104
2030-2034	57,104
2035-2037	<u>28,552</u>
Total	<u>\$199,865</u>

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Fayetteville
Brown County
81 West Pike Street
Fayetteville, Ohio 45118

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019 and the related notes of the Village of Fayetteville, Brown County (the Village) , and have issued our report thereon dated March 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. We qualified our opinion on the Mayors Court Fiduciary Fund for the years ended December 31, 2020 and 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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 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. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001, 2020-002, and 2020-004 to be material weaknesses.

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 financial statement. 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 2020-002 and 2020-003.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 26, 2024

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

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 used in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements and notes to the financial statements for the years ended December 31, 2019 and 2020:

- The Village did not report the Mayor's Court receipts, disbursements, and fund balances in the 2020 and 2019 financial statements. For 2019, the Mayor's Court Agency Fund had a beginning fund balance of \$4,106, Non-Operating cash receipts of \$113,787, Non-Operating cash disbursements of \$117,539, and Ending Fund Balance of \$354. For 2020, the Mayor's Court Custodial Fund had Beginning Fund Balance of \$354, Non-Operating cash receipts of \$139,173, Non-Operating cash disbursements of \$114,662 and Ending Fund Balance of \$24,865.
- Assigned Fund Balance in the General Fund totaling \$10,554 in 2019 was incorrectly reported as Unassigned Fund Balance.
- Intergovernmental receipts totaling \$11,819 were incorrectly posted as Other Financing Sources in the Police fund (2901) in 2019.
- A payment in the amount of \$40,000 to OWDA from the Water Operating Fund was returned to the Village and was posted as a Charges for Services receipt in the Water Operating Fund. This resulted in both receipts and expenditures being overstated by \$40,000 in the Water Operating Fund for 2019.
- Special Assessment receipts totaling \$2,043 were incorrectly posted as Charges for Services in the Water Operating Fund in 2019.
- Debt Service Principal payment in the amount of \$2,595 and Interest payment in the amount of \$162 were incorrectly posted as Transportation and Security of Persons and Property expenditures respectively in the Police Fund.
- Charges for Services receipts totaling \$5,338 were incorrectly posted as Other Financing Sources in the Police Fund in 2019.
- Charges for Services receipts totaling \$22,349 were incorrectly posted as Miscellaneous receipts in the General Fund in 2019.
- Charges for Services receipts totaling \$6,816 were incorrectly posted as Other Financing Sources in the Police Fund in 2020.
- The required Fund Balance disclosure for 2020 was not included in the footnotes to the financial statements.

**FINDING NUMBER 2020-001
(Continued)**

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to prepare accurate financial statements, including notes to the financial statements, could lead the Members of Council to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes.

The Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Mayor, Fiscal Officer and Members of Council to help identify and correct errors and omissions.

Officials' Response:

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

FINDING NUMBER 2020-002

Material Weakness and Noncompliance

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

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The accounting system should assure that the following five assertions are achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

1. Existence/occurrence: Transactions and events that have been recorded or disclosed have occurred, and such transactions and events pertain to the entity.
2. Completeness: All transactions and events that should have been recorded have been recorded, and all related disclosures that should have been included in the financial statements have been included.
3. Rights and obligations: That recorded assets are rights of the public office and recorded liabilities (if generally accepted accounting principles apply), are obligations of the public office at the fiscal year end.
4. Valuation/allocation: That generally accepted accounting measurement and recognition principles are properly selected and applied. This includes accounting measurement and recognition principles prescribed by the auditor of state for public offices that are not required to follow generally accepted accounting principles.
5. Presentation and disclosure: That financial statement elements are properly classified and described and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

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.

**FINDING NUMBER 2020-002
(Continued)**

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

The following conditions related to the above criteria were identified:

- The Village did not prepare a bank reconciliation, list of reconciling items, or reconciliation of bonds and other open items outstanding at year end for the Mayor's Court in 2019.
- In 2020, three out of fourteen (21%) remittances to the state were not submitted before the 20th day of the following month.
- The Village did not maintain a Fines and Fees Allocation Schedule to document the fund distribution of fines, or have an approved Fines and Fees Schedule for Mayor's Court.
- The Village did not provide a complete listing of citations, issued or non-issued, for 2019 or 2020.
- Deposit slips were not maintained for Mayor's Court deposits in 2019 or 2020.
- The Mayor's Court Cash Book did not contain detailed information for each ticket including ticket number, court date, payment type, payment received date and payment amount.
- A Mayor's Court Bank Account with National Cooperative Bank with a balance of \$467.48 was closed in July 2019 without proper approval. Only \$460 of that balance was deposited into another Mayor's Court bank account with First State Checking Account leaving the remaining \$7.48 unaccounted for.

Failure to accurately maintain the Mayor's Court Cashbook, dockets, and citations reduces the accountability over the Court receipts and disbursements, and increases the risk that errors, theft and fraud could occur and not be detected in a timely manner. This lack of accountability led to the issuance of a qualified opinion over Mayor's Court.

Monthly control procedures should be put into place to help assure that all Mayor's Court receipts and disbursements are properly accounted for. The following controls should be implemented:

- The Mayor's Court Clerk should prepare monthly bank reconciliations to the Mayor's Court accounting system, and the Mayor's Court bank reconciliations, monthly reports, and receipts and disbursements should receive a supervisory review;
- The Mayor's Court should maintain all supporting documentation for transactions including but not limited to; detailed information of tickets and citations, deposit slips, and approved fine schedules.
- The Village should remit amounts owed to the State of Ohio timely each month.

Officials' Response:

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

FINDING NUMBER 2020-003

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, 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.

At December 31, 2019 the Village's appropriations exceeded the amount certified as available by the budget commission in the Police fund by \$6,946.

At December 31, 2020 the Village's appropriations exceeded the amount certified as available by the budget commission in the General fund by \$36,000.

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

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

Officials' Response:

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

FINDING NUMBER 2020-004

Material Weakness

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

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

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

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

FINDING NUMBER 2020-004
(Continued)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The following conditions were identified:

- The Village failed to properly prepare and adopt an annual tax budget for 2019 by July 15, 2019 and for 2020 by July 15, 2020 as required by Ohio Rev. Code § 5705.28. The Village also did not provide a public notice or a public hearing for the tax budget.
- The Village did not include the detail of supplemental appropriations in the minutes record (funds and amounts). Additionally, in 2020 some supplemental appropriations posted to the accounting system (UAN) were not approved by Council in the minutes.
- The appropriations (and amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and amendments thereof) were not properly posted to the accounting system:
 - for 2019:
 - Fund 1000, General Fund Certificate of Final Estimated Resources was \$122,038, UAN total estimated receipts \$122,538 - variance of \$500.
 - Fund 2903, Cruiser Fund Certificate of Final Estimated Resources was \$8,000, UAN total estimated receipts \$4,000 - variance of (\$4,000)
 - Fund 2904, Drug Enforcement Law Fund, Certificate of Final Estimated Resources was \$3,000, UAN total estimated receipts of \$2,380 - variance of (\$620)
 - for 2020:
 - Fund 1000, General Fund, Certificate of Final Estimated Resources was \$151,560, UAN total estimated receipts \$187,560 - variance of \$36,000
 - Fund 2903, Cruiser Fund, Certificate of Final Estimated Resources was \$0, UAN total estimated receipts \$1,800 - variance of \$1,800
 - Fund 1000, General Fund Final Approved Appropriations was \$206,425, UAN total appropriations \$170,425 - variance of (\$36,000)
 - Fund 2901, Police Fund Final Approved Appropriations was \$80,924, UAN total appropriations \$89,924 - variance of \$9,000

The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the budget and financial reports. Failure to properly adopt the annual tax budget, record the appropriations approved by Council in the minutes, and accurately post the appropriations and estimated resources to the accounting system could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the footnotes.

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. The Village should also ensure all appropriation amendments are approved by Council and documented in the minutes at the legal level of control.

**FINDING NUMBER 2020-004
(Continued)**

Officials' Response:

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

Village of Fayetteville

Town Council
513-875-3251

81 W. Pike Street
Fayetteville, Ohio 45118

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial reporting errors	Not Corrected	Repeated as Finding Number 2020-001
2018-002	Bulk water sale deficiencies	Partially Corrected	Repeated in the Management Letter
2018-003	Mayor's Court deficiencies	Not Corrected	Repeated as Finding Number 2020-002
2018-004	Posting of budgetary documents to accounting system	Not Corrected	Repeated as Finding Number 2020-004

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FAYETTEVILLE

BROWN 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 4/16/2024

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

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