



OHIO AUDITOR OF STATE  
KEITH FABER





**VILLAGE OF FLORIDA  
HENRY COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Florida, Henry County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

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

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

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 28, 2025

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**Village of Florida, Ohio**  
**Henry County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2023*

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$20,883	\$6,711	\$27,594
Intergovernmental	14,736	19,696	34,432
Earnings on Investments	10,017		10,017
Miscellaneous	148	1,612	1,760
<i>Total Cash Receipts</i>	<u>45,784</u>	<u>28,019</u>	<u>73,803</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	1,157	19,211	20,368
Public Health Services	700		700
Leisure Time Activities	5,587		5,587
Basic Utility Services	725		725
Transportation		6,302	6,302
General Government	33,936	141	34,077
<i>Total Cash Disbursements</i>	<u>42,105</u>	<u>25,654</u>	<u>67,759</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,679</u>	<u>2,365</u>	<u>6,044</u>
<b>Other Financing Receipts</b>			
Advances Out	(40,000)		(40,000)
<i>Net Change in Fund Cash Balances</i>	<u>(36,321)</u>	<u>2,365</u>	<u>(33,956)</u>
<i>Fund Cash Balances, January 1</i>	<u>56,201</u>	<u>209,073</u>	<u>265,274</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$19,880</u></u>	<u><u>\$211,438</u></u>	<u><u>\$231,318</u></u>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
**Henry County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2023*

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	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$248,415
Miscellaneous	588
<i>Total Operating Cash Receipts</i>	<u>249,003</u>
<b>Operating Cash Disbursements</b>	
Personal Services	53,187
Employee Fringe Benefits	10,808
Contractual Services	141,170
Supplies and Materials	2,004
<i>Total Operating Cash Disbursements</i>	<u>207,169</u>
<i>Operating Income</i>	<u>41,834</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments (proprietary funds only)	724
Principal Retirement	(48,298)
Interest and Other Fiscal Charges	(33,037)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(80,611)</u>
<i>Loss before Transfers</i>	(38,777)
Advances In	<u>40,000</u>
<i>Net Change in Fund Cash Balances</i>	1,223
<i>Fund Cash Balances, January 1</i>	<u>264,452</u>
<i>Fund Cash Balances, December 31</i>	<u>\$265,675</u>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
*Henry County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Custodial Fund*  
*For the Year Ended December 31, 2023*

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	<u>Custodial</u>
<b>Additions</b>	
Charges for Services	<u>\$28,507</u>
<b>Deductions</b>	
Other Distributions	<u>32,145</u>
<i>Net Change in Fund Balances</i>	<i>(3,638)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,778</i>
<i>Fund Cash Balances, December 31</i>	<i><u>(\$860)</u></i>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Emergency Medical Services Fund*** This fund receives tax levy money for the purpose of providing emergency medical service for 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 Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Northwestern Regional Water and Sewer District.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds.

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

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

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

### ***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function 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 2023 budgetary activity appears in Note 4.

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Deposits and Investments***

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

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

***Capital Assets***

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

***Fund Balance***

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

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

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

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

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

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

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

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the years ended December 31, 2023. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$45,784	\$45,784
Special Revenue		28,019	28,019
Enterprise		289,727	289,727
<b>Total</b>		<b>\$363,530</b>	<b>\$363,530</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$83,911	(\$83,911)
Special Revenue		25,654	(25,654)
Enterprise		288,504	(288,504)
<b>Total</b>		<b>\$398,069</b>	<b>(\$398,069)</b>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
Demand deposits	\$362,723
STAR Ohio	133,410
<b>Total carrying amount of deposits and investments held in the Pool</b>	<b>\$496,133</b>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding no unremitted employee payroll withholdings.

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***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.

***Investments***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	( 16,078.587)
Members' Equity	<u>\$ 7,035,109</u>

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

#### **Note 8 – Defined Benefit Pension Plan**

##### ***Ohio Public Employees Retirement System***

The majority of 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, 2023.

##### ***Social Security***

Some of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

#### **Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

#### **Note 10 – Debt**

Debt outstanding at December 31, 2023, was as follows:

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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	Principal	Interest Rate
Mortgage Revenue Bonds Series 2006	\$654,213	5.00%
Ohio Water Development Authority Loan 4262	97,740	1.50%
Ohio Water Development Authority Loan 6495	57,208	1.50%
Ohio Public Commission Loan CE21O	63,924	0%
<b>Total</b>	<b>\$873,085</b>	

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 States 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, 2023 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 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. 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.

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.

***Amortization***

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

Year Ending December 31:	Mortgage			
	Revenue Bonds 2006	OWDA Loan 4262	OWDA Loan 6495	OPWC Loan CE21O
2024	\$65,167	\$8,303	\$3,322	\$4,566
2025	65,075	8,303	3,322	4,566
2026	65,166	8,303	3,322	4,566
2027	65,130	8,303	3,322	4,566
2028	65,167	8,303	3,322	4,566
2029-2033	253,433	41,517	16,607	22,830
2034-2038	145,677	24,911	16,607	18,264
2039-2043	145,536		16,607	
2044-2048	87,388			
<b>Total</b>	<b>\$957,739</b>	<b>\$107,943</b>	<b>\$66,431</b>	<b>\$63,924</b>

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 11 – Fund Balances**

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

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$1,806

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

**Note 12 – Miscellaneous Revenue**

Miscellaneous receipts in the Special Revenue Fund consist of refund from prior year EMS contract.

**Note 13 – Interfund Balances**

Outstanding advances at December 31, 2023, consisted of \$40,000 advanced to Sewer fund to provide working capital for operations or projects.

**Village of Florida, Ohio**  
**Henry County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,490	\$11,618	\$30,108
Intergovernmental	16,184	29,410	45,594
Earnings on Investments	2,182		2,182
Miscellaneous	2,357	2,076	4,433
<i>Total Cash Receipts</i>	<i>39,213</i>	<i>43,104</i>	<i>82,317</i>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	2,156	12,567	14,723
Public Health Services	752		752
Leisure Time Activities	2,170		2,170
Basic Utility Services	907		907
Transportation		7,489	7,489
General Government	25,707	300	26,007
<i>Total Cash Disbursements</i>	<i>31,692</i>	<i>20,356</i>	<i>52,048</i>
<i>Excess of Receipts Over Disbursements</i>	<i>7,521</i>	<i>22,748</i>	<i>30,269</i>
<b>Other Financing Receipts</b>			
Other Financing Sources	499		499
<i>Net Change in Fund Cash Balances</i>	<i>8,020</i>	<i>22,748</i>	<i>30,768</i>
<i>Fund Cash Balances, January 1</i>	<i>48,181</i>	<i>186,325</i>	<i>234,506</i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$56,201</u></i>	<i><u>\$209,073</u></i>	<i><u>\$265,274</u></i>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
**Henry County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2022*

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	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$255,458</u>
<b>Operating Cash Disbursements</b>	
Personal Services	47,079
Employee Fringe Benefits	8,924
Contractual Services	137,953
Supplies and Materials	1,674
Claims	<u>931</u>
<i>Total Operating Cash Disbursements</i>	<u>196,561</u>
<i>Operating Income</i>	<u>58,897</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments (proprietary funds only)	227
Principal Retirement	(44,381)
Interest and Other Fiscal Charges	<u>(34,712)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,866)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(19,969)</u>
<i>Fund Cash Balances, January 1</i>	<u>284,421</u>
<i>Fund Cash Balances, December 31</i>	<u>\$264,452</u>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
*Henry County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Custodial Fund*  
*For the Year Ended December 31, 2022*

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	<u>Custodial</u>
<b>Additions</b>	
Charges for Services	<u>\$30,184</u>
<b>Deductions</b>	
Other Distributions	<u>31,019</u>
<i>Net Change in Fund Balances</i>	<i>(835)</i>
<i>Fund Cash Balances, January 1</i>	<u>3,613</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,778</u></u>

*See accompanying notes to the basic financial statements*

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Emergency Medical Services Fund*** This fund receives tax levy money for the purpose of providing emergency medical service for 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 Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the collection and distribution of sewer fees collected from Okolona utility customers on behalf of the Northwestern Regional Water and Sewer District.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds.

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

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

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

### ***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Deposits and Investments***

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

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

***Capital Assets***

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

***Fund Balance***

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

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

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

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

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

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

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

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Village failed to adopt a formal appropriations resolution. Appropriations were therefore zero with all budgetary expenditures exceeding appropriation authority in all funds for the year ended December 31, 2022. In addition, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission.

Also, contrary to Ohio law, the Village did not allocate receipts to the proper funds and did not post disbursements to the proper funds.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$39,712	\$39,712
Special Revenue		43,104	43,104
Enterprise		255,685	255,685
Total		<u>\$338,501</u>	<u>\$338,501</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$32,963	(\$32,963)
Special Revenue		20,356	(20,356)
Enterprise		282,350	(282,350)
Total		<u>\$335,669</u>	<u>(\$335,669)</u>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
Demand deposits	\$405,874
STAR Ohio	126,630
Total carrying amount of deposits and investments held in the Pool	<u>\$532,504</u>

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding no unremitted employee 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.

***Investments***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

#### **Note 8 – Defined Benefit Pension Plans**

##### ***Ohio Public Employees Retirement System***

The Majority of 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, 2022.

##### ***Social Security***

Some of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

#### **Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds Series 2006	\$688,740	5.00%
Ohio Water Development Authority Loan 4262	104,500	1.50%
Ohio Water Development Authority Loan 6495	59,644	1.50%
Ohio Public Commission Loan CE21O	68,490	0%
<b>Total</b>	<b>\$921,374</b>	

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 States 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, 2022 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 2013, the Ohio Water Development Authority (OWDA) loan #6495 disbursed \$80,004 for an elevated tank and system repairs project. 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.

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.

***Amortization***

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

Year Ending December 31:	Mortgage			
	Revenue Bonds 2006	OWDA Loan 4262	OWDA Loan 6495	OPWC Loan CE21O
2023	\$65,136	\$8,303	\$3,322	\$4,566
2024	65,167	8,303	3,322	4,566
2025	65,075	8,303	3,322	4,566
2026	65,166	8,303	3,322	4,566
2027	65,130	8,303	3,322	4,566
2028-2032	289,473	41,517	16,607	22,830
2033-2037	145,612	33,214	16,607	22,830
2038-2042	145,655		16,607	
2043-2047	116,461		3,322	
<b>Total</b>	<b>\$1,022,875</b>	<b>\$116,246</b>	<b>\$69,753</b>	<b>\$68,490</b>

**Village of Florida, Ohio**  
*Henry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Fund Balances**

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

Fund Balances	General
Outstanding Encumbrances	\$1,271

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

**Note 12 – Miscellaneous Revenue**

Miscellaneous receipts in the General and Special Revenue Funds primarily consist of donations and refund from prior year EMS contract.



## 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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Florida, Henry County, Ohio, (the Village) and have issued our report thereon dated April 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001 through 2023-004 to be material weaknesses.

Village of Florida  
Henry County  
Independent Auditor's Report on Internal Controls Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-005 to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-002 and 2023-004.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 28, 2025

**VILLAGE OF FLORIDA  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

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

**FINDING NUMBER 2023-001**

**Material Weakness – Financial Reporting**

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

We identified the following errors requiring adjustments to the financial statements for the year ending December 31, 2023:

- Miscellaneous receipts and reduction of expense of Security of Persons and Property in the amounts of \$1,612 and \$2,280, respectively, were incorrectly recorded as Charges for Services in the EMS fund.
- Charges for services receipts in the Okolona Sewer Fund in the amount of \$28,507 were incorrectly classified as intergovernmental receipts.
- Intergovernmental receipts for Homestead and Rollback receipts in the amount of \$4,624 were improperly recorded as property tax in the General fund.
- General fund earnings on investments in the amount of \$1,798 were not recorded in the accounting system.

We identified the following errors requiring adjustments to the financial statements for the year ending December 31, 2022:

- Charges for services receipts in the Okolona Sewer Fund in the amount of \$28,902 were incorrectly classified as intergovernmental receipts.
- Intergovernmental receipts for Homestead and Rollback receipts in the amount of \$5,467 were improperly recorded as property tax in the General fund.
- Miscellaneous receipts in the amount of \$2,076 for the EMS Fund was improperly recorded as property tax receipts.
- Principal was understated and interest disbursements were overstated in the Sewer Operating fund in the amount of \$5,549 due to Village posting more for interest than principal for the Mortgage Revenue bond.

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 and notes to the financial statements could lead the Village Council to make misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting system, have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$885 to \$921, which we have brought to the Village's attention.

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 Fiscal Officer and Village Council to help identify and correct errors and omissions.

## **FINDING NUMBER 2023-002**

### **Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code or as otherwise provided by section 3315.40 of the Revised Code, all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

The following errors were identified for the year ending December 31, 2022:

- The Village inappropriately recorded \$11,253 of Local Fiscal Recovery Fund grant revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Local Fiscal Recovery Fund.
- The Village inappropriately recorded \$11,964 of Charges for services receipts in the Other Custodial Fund. Given the source of the revenue, this should have been recorded in the Water Fund, Sewer Fund, and Okolona Sewer Custodial Fund in the amounts of \$7,933, \$2,767, and \$1,264, respectively.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

## **FINDING NUMBER 2023-003**

### **Material Weakness – Supporting Documentation**

Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated.

Due to deficiencies in policies and procedures over Village records, the Village did not maintain underlying documentation and support for:

- Four invoices totaling \$22,318 in 2023 and four invoices totaling \$14,608 in 2022 from various vendors; and
- collateral coverage for their bank accounts with Civista banks and F&M banks.

We were able to perform alternative audit procedures to gain the necessary audit assurances, however, failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices, purchase orders, receipts, and bank statements for all financial transactions and records be maintained in an orderly manner to support all transactions.

## FINDING NUMBER 2023-004

### Noncompliance and Material Weakness

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

**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 a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

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

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2023 or 2022. There was also no evidence that the Village Council approved an appropriation measure for 2023 and 2022; however, appropriations were recorded by the Fiscal Officer in the accounting system and in the notes to the financial statements.

These errors were due to deficiencies in the budgetary compliance and monitoring control policies and procedures. The accompanying notes were adjusted to reflect budgeted receipts and disbursements as \$0, which agrees to the legally adopted amounts. In addition, expenditures exceeded appropriations in the General, Special Revenue, and Enterprise Funds during 2023 and 2022 since annual appropriation measures were not formally approved by Council. Failure to obtain the required amended certificate of estimated resources and approving an appropriation measure can lead to improper budgeting and limits the effectiveness of management monitoring. Additionally, failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources. Also, the Village Council should formally approve annual appropriation measures in the minutes at the proper legal level of control and submit them to the County Budget Commission. Any subsequent changes to original appropriation measures should be approved by Council, submitted to the County Budget Commission, and documented in the minutes. Additionally, expenditures should be limited to established appropriation limitations.

## FINDING NUMBER 2023-005

### Significant Deficiency – Utility System Control

Implementing internal controls is an important responsibility of management. The Village Council, to serve as informed overseers of the financial reporting process, must periodically monitor various control procedures of the utility billing system to verify they are functioning effectively..

Due to inadequate policies and procedures in reviewing the utility billing system, there was no documentation to indicate the Village Council monitored the utility billing system. As a result, the following weaknesses were noted in the Village's utility billing system:

- Monthly Payment/Credit Recap reports per the utility computer system were not reconciled monthly with the revenues per the Uniform Accounting System (UAN) in 2023 or 2022.
- Adjustments made to utility customer accounts were not investigated and/or approved by the Board of Public Affairs (BPA) or Village Council.
- There was no evidence the BPA or Village Council reviewed monthly delinquent account reports.

A lack of segregation of duties and adequate monitoring could lead to errors and irregularities occurring without adequate detection. In order to help strengthen utility controls the Village should implement controls such as the following:

- The Fiscal Officer and Utility Clerk should reconcile Monthly Payment/Credit Recap reports for Water, Sewer, and Okolona utility receipts to the UAN utility receipts posted. This helps ensure all monies have been accounted for and allocated to the proper funds.
- The BPA should review the Utility Adjustment Edit Register and approve any credits made to the customer accounts and review billings to ensure the correct rates were billed.
- The BPA should review monthly delinquent account reports and determine whether the proper procedures have been implemented to obtain payments. If payments are determined uncollectible, BPA should make a motion to write-off the accounts.

Reviews should be performed on a monthly basis and documented in the BPA minutes along with any motions made regarding customer accounts.

## **2. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

### **FINDING NUMBER 2023-006**

#### **Finding for Recovery Repaid Under Audit**

**Ohio Rev. Code § 731.13** states "the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed." Ohio Rev. Code § 731.07 further states "[t]he salary of any officer of a city shall not be increased or diminished during the term for which he was elected or appointed."

Ohio Ethics Commission Opinions No. 96-001 and No. 93-006 have concluded Ohio Rev. Code §§ 102.03(D) and (E) prohibit certain municipal government officials who have been re-elected to public office from accepting an increase in compensation that is enacted after re-election but prior to the beginning of a new term of office.

On June 8, 2021, Village Council approved salary increases from \$30 to \$35 for Village Council for each meeting attended and from \$235 to \$330 per month for the mayor. These pay increases were then immediately put into effect and carried through the current audit period. These increases should not have gone into effect until the Council Members and Mayor started new terms and resulted in the following overpayments:

Name, Position	Increased Amount Paid	Amount That Should Have Been Paid	Over Payment
Brenda Bost, Council	\$210	\$180	\$30
Anita Heilman, Council	\$175	\$150	\$25
Jeffrey Morgan, Council	\$140	\$120	\$20
James Sharp, Council	\$175	\$150	\$25
Kent Shininger, Council	\$245	\$210	\$35
Jeff Nulton, Former Mayor	\$4,290	\$3,055	\$1,235

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Brenda Bost, Anita Heilman, Jeffrey Morgan, James Sharp, Kent Shininger, and Jeff Nulton in the amounts of \$30, \$25, \$20, \$25, \$35, and \$1,235, respectively, and in favor of the Village of Florida General Fund.

Anita Heilman, Jeffrey Morgan, James Sharp and Kent Shininger repaid the Village via payroll deduction on December 22, 2024, in the amounts of \$25, \$20, \$25, and \$35, respectively. Brenda Bost and Jeff Nulton issued checks in the amounts of \$30 and \$1,235 to the Village of Florida on December 21, 2024 and February 21, 2025, respectively. These findings for recovery are considered repaid under audit.

Village officials should consider training available from the Ohio Ethics Commission which can accessed at the following website address <https://www.ethics.ohio.gov/index.html>

This matter will be referred to the Ohio Ethics Commission for any action they deem necessary.

## **FINDING NUMBER 2023-007**

### **Finding for Recovery Repaid Under Audit**

United Systems Technology, Inc. had an agreement with the Village requiring the Village to pay \$1,315.33 in utility systems annual maintenance fees.

Due to deficiencies in the Village's internal controls over compliance, the Village used public monies to pay for the utility systems annual maintenance fees in the amount of \$1,315.33. However, the Village incorrectly paid United Systems Technology, Inc. three times resulting in an overpayment of \$2,630.66.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against United Systems Technology, Inc. in the amount of \$2,630.66, and in favor of the Village of Florida Water Operating and Sewer Operating Funds.

Central Square Technologies, parent company of the former United Systems Technology, Inc. issued the refund in the amount of \$2,630.66 to the Village of Florida on November 26, 2024. This finding for recovery is considered repaid under audit.

### **Officials' Response:**

We did not receive a response from Officials to these findings.

## Village of Florida Ohio

111 East High Street  
Napoleon, OH 43545  
419-762-5338

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first issued in the 2006-2007 audit. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2023-001 in this report.	This finding recurred due to the inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.
2021-002	Material weakness and noncompliance with Ohio Rev. Code § 5705.10(D) for posting revenue to the wrong fund.	Not corrected and reissued as Finding 2023-002 in this report.	This finding recurred due to the inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.
2021-003	Finding was first issued in the 2012-2013 audit. Material weakness and noncompliance with Ohio Rev. Code § 5705.38 for failure to pass a formal appropriation measure.	Not corrected and reissued as Finding 2023-004 in this report.	This finding recurred due to inadequate policies and procedures in formally approving appropriation measures and obtaining certificate of estimated resources from the County Auditor. Village Council will begin formally approving all appropriation measures, as well as subsequent amendments, and noting the approval in the Minutes. Council will also ensure that a certificate of estimated resources is obtained from the County Auditor.
2021-004	Finding was first issued in the 2018-2019 audit. Noncompliance with Ohio Rev. Code § 121.22(C) for failure to maintain minute documentation.	Fully corrected.	
2021-005	Material weakness and noncompliance with Ohio Rev. Code § 5705.09 for failure to approve the creation of a special fund.	Fully corrected.	

Village of Florida  
 Henry County  
 Summary Schedule of Prior Audit Findings  
 Page 2

2021-006	Material weakness for lack of supporting documentation.	Not corrected and reissued as Finding 2023-003 in this report.	This finding recurred due to inadequate policies and procedures in maintaining Village documentation.
2021-007	Material weakness and noncompliance with Ohio Rev. Code § 5705.10(I) for failing to make disbursements from proper funds.	Partially corrected reissued in the management letter.	This finding recurred due to inadequate policies and procedures for making Village disbursements.
2021-008	Finding for recovery repaid under audit for public monies illegally expended.	Not corrected and reissued as Finding 2023-006 in this report.	This finding recurred due to inadequate policies and procedures in maintaining council and Mayor election records and Village payroll records.
2021-009	Finding for recovery repaid under audit for public monies illegally expended.	Not corrected and reissued as Finding 2023-007 in this report.	This finding recurred due to inadequate policies and procedures for making Village disbursements and maintaining documentation.

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# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FLORIDA

HENRY 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 5/15/2025

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)