



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF FAYETTEVILLE  
BROWN COUNTY**

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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 Audit of the Financial Statements**

#### ***Unmodified, Qualified and Adverse Opinions***

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

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

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

#### ***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes of the Village of Fayetteville, Brown County 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.

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

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

***Basis for Additional Opinion Qualification***

Fines, Licenses and Permits receipts are reported at \$62,870 and \$99,777 for the years ended December 31, 2022 and 2021, respectively, which is 100 percent of total Mayors Court Fiduciary fund Additions for the years ended December 31, 2022 and 2021. Other Distributions are reported at \$61,350 and \$112,949 for the years ended December 31, 2022 and 2021, respectively which is 100 percent of total Mayor's Court Fiduciary fund Other Distributions. We were unable to obtain sufficient appropriate audit evidence supporting the occurrence, completeness and existence of transactions recorded as Fines, Licenses and Permits and Other Distributions. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

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

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

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

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

Village of Fayetteville  
Brown County  
Independent Auditor's Report  
Page 3

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 August 13, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

August 13, 2025

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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, 2022*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$42,063	\$22,731	\$64,794
Intergovernmental	15,700	49,808	65,508
Charges for Services	47,864	0	47,864
Fines, Licenses and Permits	40,586	7,175	47,761
Earnings on Investments	75	21	96
Miscellaneous	737	850	1,587
<i>Total Cash Receipts</i>	<u>147,025</u>	<u>80,585</u>	<u>227,610</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	51,496	50,554	102,050
Public Health Services	900	0	900
Leisure Time Activities	5,754	0	5,754
Basic Utility Services	0	7,685	7,685
Transportation	0	15,235	15,235
General Government	74,982	1,106	76,088
Debt Service:			
Principal Retirement	4,859	3,586	8,445
Interest and Fiscal Charges	0	1,314	1,314
<i>Total Cash Disbursements</i>	<u>137,991</u>	<u>79,480</u>	<u>217,471</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,034</u>	<u>1,105</u>	<u>10,139</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers Out	0	(8,866)	(8,866)
Other Financing Sources	590	1,702	2,292
Other Financing Uses	(590)	0	(590)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(7,164)</u>	<u>(7,164)</u>
<i>Net Change in Fund Cash Balances</i>	<u>9,034</u>	<u>(6,059)</u>	<u>2,975</u>
<i>Fund Cash Balances, January 1</i>	<u>53,898</u>	<u>66,113</u>	<u>120,011</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$62,932</u></u>	<u><u>\$60,054</u></u>	<u><u>\$122,986</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, 2022*

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**Proprietary Fund Types**

**Enterprise**

**Operating Cash Receipts**

Charges for Services	\$216,498
<i>Total Operating Cash Receipts</i>	<u>216,498</u>

**Operating Cash Disbursements**

Personal Services	24,609
Employee Fringe Benefits	3,603
Contractual Services	57,078
Supplies and Materials	97,619
Other	7,745
	<u>190,654</u>

*Total Operating Cash Disbursements*

*Operating Income (Loss)* 25,844

**Non-Operating Receipts (Disbursements)**

Principal Retirement	(13,422)
Interest and Other Fiscal Charges	<u>(3,709)</u>

*Total Non-Operating Receipts (Disbursements)*

(17,131)

*Income (Loss) before Transfers* 8,713

*Transfers In* 8,866

*Net Change in Fund Cash Balances* 17,579

*Fund Cash Balances, January 1* 87,867

*Fund Cash Balances, December 31* \$105,446

*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, 2022*

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**Additions**

Fines, Licenses and Permits for Distribution

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Fiduciary Fund Type

---

Custodial

---

Mayor's  
Court

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*Total Additions*

62,870

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**Deductions**

Other Distributions

61,350

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*Total Deductions*

61,350

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*Net Change in Fund Balances*

1,520

*Fund Cash Balances, January 1*

11,693

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*Fund Cash Balances, December 31*

\$13,213

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*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, 2022*

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**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.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in public entity risk pools. Notes 6 and 11 to the financial statements provides additional information for these entities. 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.

***Policy Levy Fund*** The policy 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.

***American Rescue Plan Act of 2021 Fund*** This fund received federal grant money to provide budget relief caused by the ongoing COVID19 pandemic.

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

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

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

**Trash Operating Fund** The trash operating fund accounts for the payment of contracted trash collection service 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 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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

#### ***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

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

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***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.

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

***Note 3 – Budgetary Activity***

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

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

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**2022 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,009	\$147,615	\$13,606
Special Revenue	89,697	82,287	(7,410)
Enterprise	213,041	225,364	12,323
<b>Total</b>	<b>\$436,747</b>	<b>\$455,266</b>	<b>\$18,519</b>

**2022 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,491	\$138,581	\$20,910
Special Revenue	131,226	\$88,346	42,880
Enterprise	224,196	\$207,785	16,411
<b>Total</b>	<b>\$514,913</b>	<b>\$434,712</b>	<b>\$80,201</b>

**Note 4 – Deposits and Investments**

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

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$241,645
Total deposits	<u>241,645</u>
Total Deposits	<u>\$241,645</u>

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 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also

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

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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 6 – Interfund Balances**

Outstanding advances at December 31, 2022, consisted of \$30,000 advanced to the General fund from the Enterprise fund for payroll expenses.

**Note 7 – Risk Management**

*Risk Pool Membership*

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.

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*

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

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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, 2022.

**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. 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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

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

**Note 10 – Debt**

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

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$148,334	1.50%
Police Vehicle Lease Purchase	9,078	7.50%
<b>Total</b>	<b>\$157,412</b>	

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 loan in semiannual installments of \$5,710, including interest, over 30 years.

The Village entered into a lease-purchase agreement to finance the purchase of a new police vehicle.

***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, 2022*

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Year Ending December 31:	Police Vehicle	OWDA Loan
2023	\$9,759	\$11,421
2024		11,421
2025		11,421
2026		11,421
2027		11,421
2028-2032		57,104
2033-2037		57,104
Total	<u><u>\$9,759</u></u>	<u><u>\$171,313</u></u>

**Note 11 – Public Entity Risk Pool**

The Village participates in the Sedgwick Group Rating Plan (GRP) for worker's compensation. Each year 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 unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	0	0	0
<i>Total</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

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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, 2021*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$42,043	\$22,856	\$64,899
Intergovernmental	13,552	50,348	63,900
Charges for Services	48,896	0	48,896
Fines, Licenses and Permits	50,871	36,707	87,578
Earnings on Investments	59	16	75
Miscellaneous	2,445	0	2,445
<i>Total Cash Receipts</i>	<u>157,866</u>	<u>109,927</u>	<u>267,793</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	65,458	60,609	126,067
Public Health Services	914	0	914
Leisure Time Activities	3,732	0	3,732
Transportation	0	13,861	13,861
General Government	65,791	5,254	71,045
Debt Service:			
Principal Retirement	7,856	0	7,856
Interest and Fiscal Charges	1,903	0	1,903
<i>Total Cash Disbursements</i>	<u>145,654</u>	<u>79,724</u>	<u>225,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,212</u>	<u>30,203</u>	<u>42,415</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	0	2,288	2,288
Advances In	30,000	0	30,000
Other Financing Sources	1,000	155	1,155
<i>Total Other Financing Receipts (Disbursements)</i>	<u>31,000</u>	<u>2,443</u>	<u>33,443</u>
<i>Net Change in Fund Cash Balances</i>	<u>43,212</u>	<u>32,646</u>	<u>75,858</u>
<i>Fund Cash Balances, January 1</i>	<u>10,686</u>	<u>33,467</u>	<u>44,153</u>
<i>Fund Cash Balances, December 31</i>	<u>\$53,898</u>	<u>\$66,113</u>	<u>\$120,011</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, 2021*

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**Proprietary Fund Types**

**Enterprise**

**Operating Cash Receipts**

Charges for Services	\$220,452
<i>Total Operating Cash Receipts</i>	<u>220,452</u>

**Operating Cash Disbursements**

Personal Services	13,740
Employee Fringe Benefits	2,342
Contractual Services	46,708
Supplies and Materials	101,445
Other	13,879
	<u>178,114</u>

*Total Operating Cash Disbursements*

*Operating Income (Loss)* 42,338

**Non-Operating Receipts (Disbursements)**

Principal Retirement	(8,892)
Interest and Other Fiscal Charges	<u>(2,529)</u>

*Total Non-Operating Receipts (Disbursements)*

(11,421)

*Income (Loss) before Advances* 30,917

*Advances Out* (30,000)

*Net Change in Fund Cash Balances* 917

*Fund Cash Balances, January 1* 86,950

*Fund Cash Balances, December 31* \$87,867

*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, 2021*

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**Additions**

Fines, Licenses and Permits for Distribution

---

Fiduciary Fund Type

---

Custodial

---

Mayor's  
Court

---

*Total Additions*

---

99,777

---

**Deductions**

Other Distributions

---

112,949

---

*Total Deductions*

---

112,949

---

*Net Change in Fund Balances*

---

(13,172)

---

*Fund Cash Balances, January 1*

---

24,865

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*Fund Cash Balances, December 31*

---

\$11,693

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*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, 2021*

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### **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

#### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in public entity risk pools. Notes 7 and 11 to the financial statements provides additional information for these entities. 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.

**Policy Levy Fund** The policy 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, 2021*

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

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

#### ***Budgetary Process***

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

#### ***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***

**Village of Fayetteville, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

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

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

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

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

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

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

### **Note 3 – Budgetary Activity**

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

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$139,300	\$188,866	\$49,566
Special Revenue	100,100	112,370	12,270
Enterprise	207,000	220,452	13,452
Total	<u>\$446,400</u>	<u>\$521,688</u>	<u>\$75,288</u>

**Village of Fayetteville, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**2021 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$152,211	\$150,653	\$1,558
Special Revenue	127,794	\$83,322	44,472
Enterprise	281,931	\$220,457	61,474
<b>Total</b>	<b>\$561,936</b>	<b>\$454,432</b>	<b>\$107,504</b>

**Note 4 – Deposits and Investments**

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

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$219,571
Total deposits	219,571
Total Deposits	\$219,571

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 5 – Taxes**

***Property Taxes***

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

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

**Village of Fayetteville, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Interfund Balances**

Outstanding advances at December 31, 2021, consisted of \$30,000 advanced to the General fund from the Enterprise fund for payroll expenses.

**Note 7 – Risk Management**

***Risk Pool Membership***

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</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 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.

**Village of Fayetteville, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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, 2021.

**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. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$161,923	1.50%
Police Vehicle Lease Purchase	17,523	7.50%
<b>Total</b>	<b>\$179,446</b>	

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 loan in semiannual installments of \$5,710, including interest, over 30 years.

The Village entered into a lease-purchase agreement to finance the purchase of a new police vehicle.

***Amortization***

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

Year Ending			
December 31:	Police Vehicle	OWDA Loan	
2022	\$9,759	\$11,421	
2023	9,759	11,421	
2024		11,421	
2025		11,421	
2026		11,421	
2027-2031		57,104	
2032-2036		57,104	
2037-2041		11,421	
<b>Total</b>	<b>\$19,518</b>	<b>\$182,734</b>	

**Village of Fayetteville, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	4,999	3,598	8,597
<i>Total</i>	<u><u>\$4,999</u></u>	<u><u>\$3,598</u></u>	<u><u>\$8,597</u></u>

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

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800-282-0370

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Fayetteville, Brown County, Ohio (the Village), and have issued our report thereon dated August 13, 2025 wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on the Mayors Court Fiduciary Fund for the years ended December 31, 2022 and 2021.

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

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

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

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

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

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

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

***Village's Response to Findings***

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

August 13, 2025

**VILLAGE OF FAYETTEVILLE  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-001**

**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 fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to lack of internal controls over financial recording and reporting, the following errors were identified in the accompanying financial statements for the years ended December 31, 2022 and 2021:

- In 2021 and 2022, the Village did not report the Mayor's Court receipts, disbursements, and fund balances in the financial statements.
  - 2021: The Mayor's Court Custodial fund had a beginning fund balance of \$24,865, Non-Operating cash receipts of \$99,777, Non-Operating cash disbursements of \$112,949, and Ending Fund Balance of \$11,693.
  - 2022: The Mayor's Court Custodial fund had Beginning Fund Balance of \$11,693, Non-Operating cash receipts of \$62,870 Non-Operating cash disbursements of \$61,350 and Ending Fund Balance of \$13,213.
- In 2021 and 2022, American Rescue Plan receipts totaling \$16,551 and \$16,683, respectively, were posted as Special Assessments in Special Revenue fund 2151 and should have been posted as Intergovernmental.
- In 2021 a police cruiser loan payment in the amount of \$9,759 was posted as Security of Persons and Property expense in the General fund and should have been posted as \$7,856 to Principal Retirement and \$1,903 to Interest and Other Fiscal Charges.
- In 2022 a police cruiser loan payment in the amount of \$9,759 was posted as Security of Persons and Property expense in the General fund (\$4,859) and Police fund (\$4,900) and should have been posted as \$4,859 to Principal Retirement in the General fund and \$3,586 to Principal Retirement and \$1,314 to Interest and Fiscal Charges in the Police fund.
- In 2021 and 2022, Charges for Services receipts totaling \$27,351 and \$22,267, respectively, were incorrectly posted as Miscellaneous receipts in the General fund.
- In 2021 and 2022, receipts totaling \$1,440 and \$1,456, respectively, were incorrectly posted as Fines, Licenses, and Permits in the Police Fund and should have been posted as Charges for Services in the General fund.
- In 2021, the receipt for the sale of a police cruiser in the amount of \$2,288 was incorrectly posted as Fines, Licenses and Permits and should have been posted as Other Financing Sources-Sale of Assets in the Police fund.

**FINDING NUMBER 2022-001**  
**(Continued)**

- In 2021 and 2022, receipts totaling \$9,105 and \$12,141, respectively, were incorrectly posted as Other Financing Sources in the Police Fund and should have been posted as Charges for Services in the General fund.
- In 2022, a transaction to reallocate expenses in the amount of \$8,866 was posted as Charges for Services receipts in the Enterprise fund and Basic Utility Services expenditures in Special Revenue fund 2151. This transaction was intended to be a Transfer and should have been posted as a Transfer Out of Special Revenue fund 2151 and Transfer in to the Enterprise fund.
- In 2021 and 2022, the footnotes to the financial statements omitted the Interfund Balances disclosure in regards to an outstanding advance at year end and also omitted the required fund balance disclosure.

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 Council to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes, as agreed to by management.

The Village should adopt establish and implement internal controls over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council to help identify and correct errors and omissions.

**Officials' Response:**

As the newly appointed Fiscal Officer in the spring of 2022, I have worked closely with the former Clerk, who serviced the Village for over 40 years, to ensure a smooth transition and to gain valuable historical knowledge of our financial operations. Recognizing the importance of accuracy and compliance, I have also sought additional mentorship from Bill Gilpin, a seasoned Fiscal Officer from another Village entity. Mr. Gilpin has been instrumental in providing guidance on proper coding, processing procedures, and general best practices to support the fiscal health and accountability of our Village.

Following the 2021 and 2022 audit, I have thoroughly reviewed Findings 2022-001 and 2022-002. I am committed to implementing the necessary changes and internal controls to ensure that these issues are addressed and prevented in the future. Every effort will be made to comply with audit recommendations and maintain transparent and accurate financial reporting going forward.

**FINDING NUMBER 2022-002**

**Noncompliance/Material Weakness**

**Ohio Admin. Code § 117-2-02(A) and (B)** 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 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: That recorded assets (and liabilities, if generally accepted accounting principles apply) exist as of fiscal year end, recorded transactions have occurred and are not fictitious.

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

2. Completeness: That all account balances and transactions that should be included in the financial records are included.
3. Rights and obligations: That recorded assets are the 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.

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 related to the Mayor's Court:

- In 2021 and 2022, 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 2021 and 2022, the Baldwin Court computer system was not accurately or routinely updated in showing all collections and payments received. Total court deposits per the bank statements for 2021 were \$99,777 and total receipts collected per the Baldwin Court system were \$95,264 with a variance of \$4,513. Total court deposits per the bank statements for 2022 were \$62,870 and total receipts collected per the Baldwin Court system were \$54,767 with a variance of \$8,103.
- In 2021 and 2022, court checks were not sequentially listed. In 2022 there was a gap of 51 checks with no explanation for the gap.
- In 2022, the Village did not maintain a Fines and Fees Allocation Schedule to document the fund distribution of fines; and Council did not approve the updated fines and fee schedule.
- In 2021 and 2022, deposit slips were not maintained for Mayor's Court deposits.
- In 2021 and 2022, Baldwin Distribution reports were not utilized showing the allocation amounts to local and state remittance amounts. No distributions to Brown County Municipal Court were noted.
- In 2021 and 2022, the Village did not provide a complete listing of citations, issued or non-issued.

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

- In 2021 and 2022, 6 out of 51 (12%) and 9 out of 59 (15%) tickets tested, respectively, were not charged proper rates in accordance with the Village's Fee Schedule.

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 activity for 2021 and 2022.

Monthly control procedures should be established and implemented to help ensure that all Mayor's Court receipts, disbursements, and reports are properly accounted for and documented. 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 have supervisory review. Variances should be investigated, documented, and corrected in a timely manner.
- 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 Mayor's Court should maintain duplicates of required reports and all supporting documentation for such reports.
- The Village should ensure all Mayor's Court activity is entered in the Baldwin Court computer system.
- The Village should remit amounts owed to the proper entities timely each month.

**Officials' Response:**

See Finding 2022-001

**Village of Fayetteville  
Brown County**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Financial reporting errors	Not Corrected	Repeated as Finding Number 2022-001
2020-002	Mayor's Court deficiencies	Not Corrected	Repeated as Finding Number 2022-002
2020-003	Ohio Rev. Code § 5705.39 – Appropriations exceeded the amount certified	Corrected	
2020-004	Posting of budgetary documents to accounting system	Not Corrected	Included in the management letter



# 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 8/28/2025

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)