



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2024 - 2023**





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Columbus, Ohio 43215  
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Village Council  
Village of Felicity  
P.O. Box 613  
Felicity, Ohio 45120

We have reviewed the *Independent Auditor's Report* of the Village of Felicity, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Felicity is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

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

September 24, 2025

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VILLAGE OF FELICITY  
CLERMONT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Village of Felicity  
Clermont County  
P.O. Box 613  
Felicity, Ohio 45120

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 Felicity, Clermont County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2024 and 2023, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

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

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

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

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

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

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

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

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

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

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

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

June 20, 2025

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 34,185	\$ 37,986	\$ 72,171
Municipal Income Tax	99,138	35,038	134,176
Intergovernmental	78,036	40,475	118,511
Licenses, Permits and Fees	8,939	515	9,454
Fines, Forfeitures and Settlements	6,881	415	7,296
Earnings on Investments	1,057	92	1,149
<i>Total Cash Receipts</i>	<u>228,236</u>	<u>114,521</u>	<u>342,757</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	70,161	49,729	119,890
Public Health Services	895	-	895
Leisure Time Activities	70	-	70
Community Environment	9,057	-	9,057
Basic Utility Services	2,542	-	2,542
Transportation	28,481	65,162	93,643
General Government	56,048	200	56,248
Capital Outlay	-	3,598	3,598
Debt Service:			
Principal Retirement	-	4,850	4,850
Interest and Fiscal Charges	-	808	808
<i>Total Cash Disbursements</i>	<u>167,254</u>	<u>124,347</u>	<u>291,601</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>60,982</u>	<u>(9,826)</u>	<u>51,156</u>
<b>Other Financing Receipts</b>			
Other Financing Sources	<u>1,544</u>	<u>434</u>	<u>1,978</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,544</u>	<u>434</u>	<u>1,978</u>
<i>Net Change in Fund Cash Balances</i>	62,526	(9,392)	53,134
<i>Fund Cash Balances, January 1</i>	<u>145,053</u>	<u>209,709</u>	<u>354,762</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 207,579</u></u>	<u><u>\$ 200,317</u></u>	<u><u>\$ 407,896</u></u>

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

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Proprietary</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 375,646
<i>Total Operating Cash Receipts</i>	<u>375,646</u>
<b>Operating Cash Disbursements</b>	
Personal Services	113,301
Employee Fringe Benefits	14,624
Contractual Services	110,776
Supplies and Materials	<u>100,010</u>
<i>Total Operating Cash Disbursements</i>	<u>338,711</u>
<i>Operating Income</i>	<u>36,935</u>
<b>Non-Operating (Disbursements)</b>	
Capital Outlay	(23,500)
Principal Retirement	(4,850)
Interest and Other Fiscal Charges	<u>(807)</u>
<i>Total Non-Operating (Disbursements)</i>	<u>(29,157)</u>
<i>Net Change in Fund Cash Balances</i>	7,778
<i>Fund Cash Balances, January 1</i>	<u>635,145</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 642,923</u></u>

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

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
<b>Additions</b>	
Fines, Forfeitures and Settlements	\$ 8,810
<i>Total Additions</i>	<u>8,810</u>
<b>Deductions</b>	
Distributions to Other Governments	1,288
Distributions to Other Funds (Primary Gov't)	<u>6,817</u>
<i>Total Deductions</i>	<u>8,105</u>
Net Change in Fund Balances	705
<i>Fund Cash Balances, January 1</i>	<u>-</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 705</u></u>

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

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 1 – Reporting Entity**

The Village of Felicity (the Village), Clermont 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, park operations and police services.

**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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police Levy Fund*** The Police Levy fund receives real estate tax levy monies and other resources to fund police department operations.

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

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and outside the Village where our water lines are located.

***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 funds account for Mayors Court fines and forfeitures.

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency 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 2024 budgetary activity appears in Note 3.

***Deposits***

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.

***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.

**Village of Felicity**  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 nonspendable 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 11.

**Note 3 – Budgetary Activity**

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

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ 192,750	\$ 229,780	\$ 37,030
Special Revenue	97,247	114,955	17,708
Enterprise	380,000	375,646	(4,354)
Total	<u>\$ 669,997</u>	<u>\$ 720,381</u>	<u>\$ 50,384</u>

**Village of Felicity**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

**Note 3 – Budgetary Activity (Continued)**

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 338,192	\$ 168,793	\$ 169,399
Special Revenue	306,273	130,004	176,269
Enterprise	1,013,455	394,043	619,412
Total	<u>\$ 1,657,920</u>	<u>\$ 692,840</u>	<u>\$ 965,080</u>

**Note 4 – Deposits and Investments**

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

	2024
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 705
Other time deposits (savings and NOW accounts)	1,050,819
Total deposits	<u>1,051,524</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u><u>\$ 1,051,524</u></u>

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, 2024, the Village is holding \$4,762 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

At December 31, 2024, \$81,252 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Taxes**

***Property Taxes***

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

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



**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 5 – Taxes (Continued)**

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Income tax receipts are recorded into the General Fund, Street Construction and Repair Fund, Income Tax Fund and Police Levy Fund as directed by a resolution adopted by the Council.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). The Village pays Group Management to manage their workers compensation claims. Payroll has been outsourced to Farell & Associates

***Commercial Insurance***

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Village purchases insurance coverage through Pillar Insurance Company to protect themselves from potential losses.

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public official's liability; and

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 8 – Postemployment Benefits**

OPERS offer 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. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, 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.

**Note 9 – Debt**

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

	Principal	Interest Rate
Series 2023 Equipment Bonds	\$ 42,300	3.25%
Total	<u>\$ 42,300</u>	

The Village issued Equipment bonds to fund the purchase of a salt truck. The Bonds were issued on January 12, 2023 and mature on January 1, 2028 and are subject to interest at fixed interest rate of 3.25 percent.

**Amortization**

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

Year Ending December 31:	Series 2023 Equipment Bonds
2025	\$ 11,479
2026	11,447
2027	11,408
2028	11,460
Total	<u>\$ 45,794</u>

**Note 10 – Contingent Liabilities**

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

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 11 – 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$ 294	\$ -	\$ 294
Outstanding Encumbrances	<u>1,539</u>	<u>5,657</u>	<u>7,196</u>
Total	<u>\$ 1,833</u>	<u>\$ 5,657</u>	<u>\$ 7,490</u>

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.

**VILLAGE OF FELICITY  
CLERMONT 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	\$ 31,572	\$ 37,484	\$ 69,056
Municipal Income Tax	100,523	33,543	134,066
Intergovernmental	35,761	90,279	126,040
Charges for Services	5	-	5
Fines, Licenses and Permits	15,587	213	15,800
Earnings on Investments	23,557	88	23,645
<i>Total Cash Receipts</i>	<u>207,005</u>	<u>161,607</u>	<u>368,612</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	92,408	50,551	142,959
Leisure Time Activities	80	-	80
Community Environment	13,413	-	13,413
Basic Utility Services	2,500	-	2,500
Transportation	28,345	120,445	148,790
General Government	63,235	210	63,445
Capital Outlay	-	42,395	42,395
<i>Total Cash Disbursements</i>	<u>199,981</u>	<u>213,601</u>	<u>413,582</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,024</u>	<u>(51,994)</u>	<u>(44,970)</u>
<b>Other Financing Receipts</b>			
Sale of Bonds	-	52,000	52,000
Sale of Capital Assets	1,998	-	1,998
Other Financing Sources	5,101	5,000	10,101
<i>Total Other Financing Receipts</i>	<u>7,099</u>	<u>57,000</u>	<u>64,099</u>
<i>Net Change in Fund Cash Balances</i>	14,123	5,006	19,129
<i>Fund Cash Balances, January 1 (Restated See Note 12)</i>	<u>130,930</u>	<u>204,703</u>	<u>335,633</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 145,053</u></u>	<u><u>\$ 209,709</u></u>	<u><u>\$ 354,762</u></u>

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

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 347,768
<i>Total Operating Cash Receipts</i>	<u>347,768</u>
<b>Operating Cash Disbursements</b>	
Personal Services	110,323
Employee Fringe Benefits	16,236
Contractual Services	101,578
Supplies and Materials	<u>64,624</u>
<i>Total Operating Cash Disbursements</i>	<u>292,761</u>
<i>Operating Income (Loss)</i>	<u>55,007</u>
<b>Non-Operating (Disbursements)</b>	
Principal Retirement	(55,000)
Interest and Other Fiscal Charges	<u>(2,836)</u>
<i>Total Non-Operating (Disbursements)</i>	<u>(57,836)</u>
<i>(Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(2,829)
Transfers In	10,000
Transfers Out	<u>(10,000)</u>
<i>Net Change in Fund Cash Balances</i>	(2,829)
<i>Fund Cash Balances, January 1</i>	<u>637,974</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 635,145</u></u>

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

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 5,878
<i>Total Additions</i>	<u>5,878</u>
<b>Deductions</b>	
Distributions to Other Governments	1,209
Distributions to Other Funds (Primary Gov't)	<u>5,677</u>
<i>Total Deductions</i>	<u>6,886</u>
Net Change in Fund Balances	(1,008)
<i>Fund Cash Balances, January 1 (Restated See Note 12)</i>	<u>1,008</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ -</u></u>

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

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Felicity (the Village), Clermont 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, park operations and police services.

**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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police Levy Fund*** The Police Levy fund receives real estate tax levy monies and other resources to fund police department operations.

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

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and outside the Village where our water lines are located.

***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 funds account for Mayors Court fines and forfeitures.

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency 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 2023 budgetary activity appears in Note 3.

***Deposits***

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.

***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.



**Village of Felicity**  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 nonspendable 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 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ 192,750	\$ 214,104	\$ 21,354
Special Revenue	90,810	218,607	127,797
Enterprise	424,700	357,768	(66,932)
Total	<u>\$ 708,260</u>	<u>\$ 790,479</u>	<u>\$ 82,219</u>

**Village of Felicity**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity (Continued)**

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 323,190	\$ 202,030	\$ 121,160
Special Revenue	287,845	220,453	67,392
Enterprise	978,107	381,669	596,438
Total	<u>\$ 1,589,142</u>	<u>\$ 804,152</u>	<u>\$ 784,990</u>

**Note 4 – Deposits and Investments**

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

	2023
<b>Cash Management Pool:</b>	
Other time deposits (savings and NOW accounts)	\$ 989,907
<i>Total carrying amount of deposits held in the Pool</i>	<u>\$ 989,907</u>

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 \$3,341 in unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

At December 31, 2023, \$2,848 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Taxes**

**Property Taxes**

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

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

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

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 5 – Taxes (Continued)**

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Income tax receipts are recorded into the General Fund, Street Construction and Repair Fund, Income Tax Fund and Police Levy Fund as directed by a resolution adopted by the Council.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). The Village pays Group Management to manage their workers compensation claims. Payroll has been outsourced to Farell & Associates

***Commercial Insurance***

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Village purchases insurance coverage through Pillar Insurance Company to protect themselves from potential losses.

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public official's liability; and

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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.

**Village of Felicity**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 8 – Postemployment Benefits**

OPERS offer 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. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. 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.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Series 2023 Equipment Bonds	\$ 52,000	3.25%
Total	<u>\$ 52,000</u>	

The Village issued Equipment bonds to fund the purchase of a salt truck. The Bonds were issued on January 12, 2023 and mature on January 1, 2028 and are subject to interest at fixed interest rate of 3.25 percent.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>Series 2023 Equipment Bonds</u>
2024	\$ 11,339
2025	11,479
2026	11,447
2027	11,408
2028	11,460
Total	<u>\$ 57,133</u>

**Note 10 – Contingent Liabilities**

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

**Village of Felicity**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 11 – 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ 294	\$ -	\$ 294
Outstanding Encumbrances	2,049	6,852	8,901
Total	<u>\$ 2,343</u>	<u>\$ 6,852</u>	<u>\$ 9,195</u>

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 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2023 General and Custodial Fund balances:

	General Fund	Custodial Fund
December 31, 2022 audited balance	\$ 130,636	\$ 1,302
To account for unclaimed monies from the prior audit	294	(294)
January 1, 2023 balance	\$ 130,930	\$ 1,008

The Village made an adjustment to accurately report beginning fund balance.

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

Village of Felicity  
Clermont County  
P.O. Box 613  
Felicity, Ohio 45120

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Village of Felicity, Clermont County, Ohio (the Village) and have issued our report thereon dated June 20, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

***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 2024-002.

***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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

June 20, 2025

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2024-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- In 2024 and 2023, grant receipts in the General and Street Construction, Maintenance, and Repair Fund were posted as Other Financing Sources instead of Intergovernmental Revenue;
- In 2024, income tax receipts were not properly allocated between the General, Street Construction, Maintenance, and Repair and Police Levy Funds in accordance with the income tax ordinance passed by the Village;
- In 2024, disbursements for the Series 2023 Equipment bonds in the Street Construction, Maintenance, and Repair and Water Operating Fund were posted as Contracted Services instead of principal and interest;
- In 2024 and 2023, receipts were posted in the General, Street Construction, Maintenance, and Repair and State Highway Fund as Intergovernmental Revenue instead of the Permissive Motor Vehicle License Tax Fund Intergovernmental Revenue;
- In 2024 and 2023, a portion of the Village's Mayor's Court disbursements in the Mayor's Court Fund were posted as Distribution to Other Governments instead of Distributions to Other Fund (Primary Gov't);
- In 2023, motor vehicle license tax receipts were posted in the Permissive Motor Vehicle License Tax Fund as Intergovernmental Revenue instead of being allocated between the Street Construction, Maintenance, and Repair and State Highway Fund as Intergovernmental Revenue;
- In 2023, a receipt in the Street Construction, Maintenance and Repair Fund was posted as Other Financing Sources instead of Sale of Bonds;
- In 2023, a disbursement in the Enterprise Debt Service Fund for the refunding improvement bonds were not properly allocated between principal and interest;
- In 2023, a disbursement for refunding improvement bonds was posted in the Water Operating fund as Capital Outlay instead of Enterprise Debt Service and Enterprise Debt Service Reserve Principal; and
- In 2023, a disbursement for refunding improvement bonds was posted as Water Operating Capital Outlay and Contracted Services instead of principal.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments, and the Village has posted all adjustments to its accounting system. There were also additional errors noted that were not material in nature and are, therefore, not reflected in the financial statements.

The following errors noted in the Village's financial statements were determined to be immaterial and did not require adjustments to properly present the Village's financial activity:

- Homestead and rollback receipts in the General and Police Levy Fund were posted as Property and Other Local Taxes instead of Intergovernmental Revenue in 2024 and 2023; and
- In 2024, a receipt in the General Fund was posted as Intergovernmental Revenue instead of Income Taxes.



**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2024-001 (Continued)**

**Material Weakness (Continued)**

**Financial Reporting (Continued)**

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also updated the notes to the financial statements for omitted information and to agree to financial statement amounts.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response:** We did not receive a response from officials to this findings.

**FINDING NUMBER 2024-002**

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

VILLAGE OF FELICITY  
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2024-002 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 15% of the expenditures tested for 2024 and 25% of the expenditures tested in 2023.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

**Officials’ Response** – We did not receive a response from officials to this finding.

**VILLAGE OF FELICITY  
CLERMONT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Recording of Financial Activity	Not Corrected	Repeated as Finding 2024-001
2022-002	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2024-002

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF FELICITY**

**CLERMONT 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 10/7/2025**

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)