



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF RUSSELLVILLE
BROWN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Russellville
Brown County
203 E. Main Street
Russellville, Ohio 45168

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 Russellville, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, 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

January 16, 2026

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Village of Russellville, 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	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$27,608	\$54,648	\$82,256
Intergovernmental	21,421	225,800	247,221
Charges for Services	0	118,297	118,297
Fines, Licenses, and Permits	119,997	0	119,997
Earnings on Investments	86	88	174
Miscellaneous	1,809	3,521	5,330
<i>Total Cash Receipts</i>	<u>170,921</u>	<u>402,354</u>	<u>573,275</u>
Cash Disbursements			
Current:			
Security of Persons and Property	94,063	169,157	263,220
Public Health Services	0	0	0
Leisure Time Activities	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Transportation	0	149,965	149,965
General Government	56,811	24,714	81,525
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	2,361	7,676	10,037
Interest and Fiscal Charges	430	1,501	1,931
<i>Total Cash Disbursements</i>	<u>153,665</u>	<u>353,013</u>	<u>506,678</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,256</u>	<u>49,341</u>	<u>66,597</u>
Other Financing Receipts (Disbursements)			
Advances In	8,096	0	8,096
Advances Out	0	(6,000)	(6,000)
Other Financing Sources	0	0	0
Other Financing Uses	0	(15,750)	(15,750)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,096</u>	<u>(21,750)</u>	<u>(13,654)</u>
<i>Net Change in Fund Cash Balances</i>	<u>25,352</u>	<u>27,591</u>	<u>52,943</u>
<i>Fund Cash Balances, January 1</i>	<u>31,610</u>	<u>213,577</u>	<u>245,187</u>
<i>Fund Cash Balances, December 31</i>	<u>\$56,962</u>	<u>\$241,168</u>	<u>\$298,130</u>

See accompanying notes to the basic financial statements

Village of Russellville, 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

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$169,883
<i>Total Operating Cash Receipts</i>	<u>169,883</u>
Operating Cash Disbursements	
Personal Services	9,803
Employee Fringe Benefits	1,947
Contractual Services	131,357
Supplies and Materials	18,899
Claims	0
Other	0
<i>Total Operating Cash Disbursements</i>	<u>162,006</u>
<i>Operating Income (Loss)</i>	<u>7,877</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	3,829
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>3,829</u>
<i>Income (Loss) before Advances</i>	11,706
Advances Out	<u>(2,096)</u>
<i>Net Change in Fund Cash Balances</i>	9,610
<i>Fund Cash Balances, January 1</i>	<u>70,132</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$79,742</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Russellville, 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*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Forfeitures and Settlements for Distribution	<u>145,435</u>
<i>Total Additions</i>	<u>145,435</u>
Deductions	
Distributions to Other Funds (Primary Gov't)	114,492
Other Distributions	<u>28,454</u>
<i>Total Deductions</i>	<u>142,946</u>
<i>Net Change in Fund Balances</i>	2,489
<i>Fund Cash Balances, January 1</i>	<u>8,952</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$11,441</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Russellville (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 sewer utilities, Fire, EMS, street maintenance and repair, and police services.

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

The Village participates in a public entity risk pools. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Highway Fund The highway fund accounts for and reports that portion of the state gasoline tax restricted for construction, maintenance, and repair of streets within the Village.

Fire Department Fund This fund is used to account for a property tax levy and charges for services to provide fire protection.

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

Policy Protection Fund This fund is used to account for a property tax levy to provide police services.

EMS Services Fund This fund is used to account for a property tax levy and charges for services to provide emergency medical services.

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:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services 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.

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 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 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.

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

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 4.

Capital Assets

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

Fund Balance

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

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

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Fire funds by \$65,704 and \$2,438, respectively, for the year ended December 31, 2021.

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,090	\$179,017	\$91,927
Special Revenue	186,787	402,354	215,567
Enterprise	150,000	173,712	23,712
Total	<u>\$423,877</u>	<u>\$755,083</u>	<u>\$331,206</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,850	\$153,665	(\$38,815)
Special Revenue	338,964	\$374,763	(35,799)
Enterprise	200,000	\$164,102	35,898
Total	<u>\$653,814</u>	<u>\$692,530</u>	<u>(\$38,716)</u>

Note 5 – Deposits and Investments

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$288,666
Other time deposits (savings and NOW accounts)	100,647
Total deposits	<u>389,313</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

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

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

Note 6 – Taxes

Property Taxes

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

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

Note 7 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

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

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.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

	<u>Principal</u>	<u>Interest Rate</u>
First State Bank Loan #16194	\$49,134	3.35%
First State Bank Loan #7354	2,458	8.82%
Total	<u><u>\$51,592</u></u>	

The Village obtained a loan in 2017 for the purchase of an ambulance for the EMS Department. The loan will be repaid in monthly installments with an interest rate of 3.35%. The loan is scheduled to mature in 2027.

The Village obtained a loan from First State Bank for the purchase of a police cruiser for the Police Department. The amount of the loan was \$8,000 with an interest rate of 8.8% to be paid in monthly installments. The loan is scheduled to be repaid in 2022.

Amortization

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

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

Year Ending December 31:	FSB #16194	FSB #7354
2022	\$10,015	\$2,535
2023	10,015	
2024	10,015	
2025	10,015	
2026	10,015	
2027-2031	4,173	
Total	\$54,248	\$2,535

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 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>	\$0	\$0	\$0

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

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$25,636	\$50,155	\$75,791
Intergovernmental	14,893	99,038	113,931
Charges for Services	0	141,869	141,869
Fines, Licenses and Permits	29,606	0	29,606
Earnings on Investments	56	85	141
Miscellaneous	19,307	2,475	21,782
<i>Total Cash Receipts</i>	<u>89,498</u>	<u>293,622</u>	<u>383,120</u>
Cash Disbursements			
Current:			
Security of Persons and Property	43,602	148,571	192,173
Leisure Time Activities	0	18	18
Transportation	0	11,219	11,219
General Government	55,137	3,530	58,667
Capital Outlay	0	64,638	64,638
Debt Service:			
Principal Retirement	2,550	19,723	22,273
Interest and Fiscal Charges	495	2,184	2,679
<i>Total Cash Disbursements</i>	<u>101,784</u>	<u>249,883</u>	<u>351,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,286)</u>	<u>43,739</u>	<u>31,453</u>
Other Financing Receipts (Disbursements)			
Advances In	0	4,000	4,000
Advances Out	(4,000)	0	(4,000)
Other Financing Sources	0	113	113
Other Financing Uses	(2,380)	(1,027)	(3,407)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,380)</u>	<u>3,086</u>	<u>(3,294)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,666)</u>	<u>46,825</u>	<u>28,159</u>
<i>Fund Cash Balances, January 1</i>	<u>50,276</u>	<u>166,752</u>	<u>217,028</u>
<i>Fund Cash Balances, December 31</i>	<u>\$31,610</u>	<u>\$213,577</u>	<u>\$245,187</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$172,130
<i>Total Operating Cash Receipts</i>	<u>172,130</u>
Operating Cash Disbursements	
Personal Services	7,233
Employee Fringe Benefits	1,104
Contractual Services	104,921
Supplies and Materials	19,899
<i>Total Operating Cash Disbursements</i>	<u>133,157</u>
<i>Operating Income (Loss)</i>	<u>38,973</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(45,939)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(45,939)</u>
<i>Net Change in Fund Cash Balances</i>	(6,966)
<i>Fund Cash Balances, January 1</i>	<u>77,098</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$70,132</u></u>

See accompanying notes to the basic financial statements

Village of Russellville, Ohio

Brown County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Forfeitures and Settlements for Distribution	<u>37,919</u>
<i>Total Additions</i>	<u>37,919</u>
Deductions	
Distributions to Other Funds (Primary Gov't)	24,190
Other Distributions	<u>7,033</u>
<i>Total Deductions</i>	<u>31,223</u>
<i>Net Change in Fund Balances</i>	6,696
<i>Fund Cash Balances, January 1</i>	<u>2,256</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,952</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Russellville (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 sewer utilities, Fire, EMS, street maintenance and repair, and police services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Highway Fund The Highway 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.

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

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:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services 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.

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

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

Budgetary Process

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

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

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

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

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

A summary of budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

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

<u>Fund Type</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$112,026	\$89,498	(\$22,528)
Special Revenue	179,990	297,735	117,745
Enterprise	168,500	172,130	3,630
Total	<u>\$460,516</u>	<u>\$559,363</u>	<u>\$98,847</u>

<u>2020 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$148,780	\$118,017	\$30,763
Special Revenue	320,454	251,019	69,435
Enterprise	203,565	179,324	24,241
Total	<u>\$672,799</u>	<u>\$548,360</u>	<u>\$124,439</u>

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:

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$223,674
Other time deposits (savings and NOW accounts)	<u>100,597</u>
Total deposits	<u>324,271</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.

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

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.

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
First State Bank (squad) #16194	\$56,666	3.4%
First State Bank (cruiser) #7354	<u>5,033</u>	8.8%
	<u><u>\$61,699</u></u>	

The Village obtained a loan in 2017 for the purchase of an ambulance for the EMS Department. The loan will be repaid in monthly installments with an interest rate of 3.35%. The loan is scheduled to mature in 2027.

The Village obtained a loan from First State Bank for the purchase of a police cruiser for the Police Department. The amount of the loan was \$8,000 with an interest rate of 8.8% to be paid in monthly installments. The loan is scheduled to be repaid in 2022.

Amortization

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

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

Year Ending December 31:	FSB (squad)	FSB (cruiser)
2021	\$3,045	\$10,015
2022	2,535	10,015
2023		10,015
2024		10,015
2025		10,015
2026-2030		14,188
Total	\$5,580	\$64,263

Note 10 – 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	Enterprise	Total
Outstanding Encumbrances	9,853	109	228	10,190
<i>Total</i>	\$9,853	\$109	\$228	\$10,190

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

Note 11 – Change in Accounting Principles

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

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

Village of Russellville
Brown County
203 East Main Street
Russellville, Ohio 45168

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, 2021 and 2020 and the related notes to the financial statements of the Village of Russellville, Brown County, Ohio (the Village) and have issued our report thereon dated January 16, 2026, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2021-004 to be a significant deficiency.

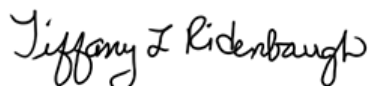
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 through 2021-003.

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

January 16, 2026

**VILLAGE OF RUSSELLVILLE
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2021-001

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 deficiencies in the Village's internal controls over financial reporting, the following errors were identified in the accompanying financial statements for the years ended December 31, 2021 and 2020:

- Permissive Motor Vehicle License tax receipts totaling \$3,091 in 2021 and \$2,407 in 2020 were incorrectly posted to Intergovernmental receipts in the Permissive MVL fund. In addition, \$312 of Permissive Motor Vehicle License tax receipts were posted to Taxes in the Street Construction Maintenance Repair fund instead of the Permissive MVL fund in 2020.
- An intergovernmental receipt from the Department of Natural Resources totaling \$9,722 in 2021 was incorrectly posted to miscellaneous receipts in the Fire fund.
- An intergovernmental receipt for a Fire Marshall grant totaling \$960 in 2021 was incorrectly posted to miscellaneous receipts in the Police fund.
- An intergovernmental receipt from the Department of Public Safety totaling \$4,736 in 2020 was incorrectly posted to charges for services in the EMS fund.
- Intergovernmental receipts from the Development Services Agency for the Service Station Clean Up Grant totaling \$9,329 in 2021 and \$3,317 in 2020 were incorrectly posted to miscellaneous receipts in the General fund.
- Property Tax receipts and General Government expenditures for the General fund and Security of Persons and Property expenditures for the Fire, Police and EMS Funds totaling \$1,902, \$1,811, \$1,585 and \$906 in 2021, respectively, and \$1,800, \$1,719, \$1,504, and \$860 in 2020, respectively, were overstated.
- Intergovernmental receipts for Homestead and Rollback for the General, Fire, Police and EMS Funds totaling \$3,635, \$3,469, \$3,036, and \$1,735 in 2020, respectively, were incorrectly posted to tax receipts.
- Intergovernmental receipts for Motor Vehicle License Tax and Gas Tax in the Street Construction Maintenance and Repair fund totaling \$1,906 in 2021 and \$4,473 in 2020 were incorrectly posted to tax receipts.
- Charges for Services for sewer receipts totaling \$4,251 in 2020 were posted to the Mayor's Court fund instead of to the Sewer fund.
- Charges for Services for sewer receipts totaling \$2,981 in 2020 were posted to General fund instead of the Sewer fund.

FINDING NUMBER 2021-001
(Continued)

- Charges for Services EMS receipt totaling \$407 in 2020 was posted to the Sewer Operating fund instead of the EMS fund.
- Mayor's court receipts totaling \$3,606 were incorrectly posted twice in 2020. Other distributions in the Mayor's Court fund totaling \$3,606 were overstated due to the correction of duplicate receipts as an expense in 2021.
- The Village did not report all of the Mayor's Court receipts and disbursements on the 2021 financial statements. The Mayor's Court Custodial fund omitted Fines, Licenses and Permits for Distribution additions of \$76,263 and Other Distributions of \$65,451.
- Franchise fee receipts in the General fund totaling \$2,664 were incorrectly posted as miscellaneous receipts in 2020.
- An intergovernmental receipt for a body armor grant totaling \$836 in the General fund was incorrectly posted to miscellaneous receipts in 2021.
- Capital outlay expenditures for the Street Construction Maintenance and Repair fund, Police fund, and EMS fund totaling \$2,628, \$36,577 and \$25,433, respectively, were incorrectly posted to Other Financing Uses in 2020.
- Brown County Rural Water Association receipts were posted at the net amount in 2020 and 2021 which resulted in Charges for Services receipts and Contractual Services expenditures being understated by \$16,121 in 2020 and \$15,661 in 2021 in the Sewer fund.
- Medicount Management receipts were posted at the net amount in 2020 and 2021 which resulted in Charges for Services receipts and Security of Persons and Property expenditures being understated by \$5,362 in 2020 and \$4,633 in 2021 in the EMS fund.
- Debt principal payments totaling \$3,223 in the Fire fund were incorrectly posted to Security of Persons and Property expenditures in 2020.

In addition, the following conditions were identified related to the footnotes to the financial statements, as a result of the same deficiencies:

- The required fund balance disclosure was not presented for 2021 or 2020.
- The budgetary activity footnote for 2021 and 2020 presented incorrect amounts for budgeted receipts and appropriations.

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:

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

FINDING NUMBER 2021-002

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Rev. Code § 733.40 states “Except as otherwise provided in section 4511.193 of the Revised Code, all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor’s hands, or that are due the mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury. Except as otherwise provided by section 307.515 or 4511.19 of the Revised Code, all fines, and forfeitures collected by the mayor in state cases, together with all fees and expenses collected that have been advanced out of the county treasury, shall be paid by the mayor to the county treasury on the first business day of each month. Except as otherwise provided by section 307.515 or 4511.19 of the Revised Code, the mayor shall pay all court costs and fees collected by the mayor in state cases into the municipal treasury on the first business day of each month.”

Ohio Rev. Code §§ 2743.70 (A) and 3109.14 state that all monies collected during a month and owed to the state shall be transmitted on or before either the first business day of the month or the twentieth day of the following month by the clerk of the court to the treasurer of the state.

Ohio Rev. Code § 2949.094(A) & (C) when read together, state the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. If the person is convicted, pleads guilty, or forfeits bail, the clerk shall transmit thirty five percent of all additional court costs to the state treasury of which ninety-seven percent shall be credited to the drug law enforcement fund and the remaining three percent shall be credited to the justice program services fund, the clerk shall transmit fifteen percent of all additional costs to the county or municipal indigent drivers alcohol treatment fund under the control of that court. The Court shall transmit fifty percent of all additional costs to the state treasury to be credited to the indigent defense support fund. All costs should be transmitted to the appropriate entities by the twenty third day of the following month the costs were collected.

Due to deficiencies in the internal controls over mayor’s court activity and records the following conditions related to the above criteria were identified for the Mayor’s Court:

- The Mayor’s Court activity was only recorded in the Village accounting system through May 2021. In June 2021 a separate bank account was opened for Mayor’s Court activity and the activity of the account was not recorded in the accounting system.
- The Village utilized the *nCourt* system for the mayor’s court. However, there was no evidence that the nCourt system was properly maintained or reconciled with the Village accounting system for all of 2020 and through May 2021.
- Case files were not provided for two of the 70 cases for 2020.
- Fines for sixty-two cases in 2020 and twenty-six cases in 2021 did not agree with the approved Fine Schedule.
- Fines for four of 70 cases did not have a mayor’s court receipt.

FINDING NUMBER 2021-002
(Continued)

- The Court failed to remit money collected to the State of Ohio by the 20th of the following month for nine months in 2020 and four months in 2021.
- The Court failed to remit money collected to Brown County and the State of Ohio for one month in 2021.
- Monthly reports of fines and monies collected were not formally approved by the Mayor, Village Council, or their designee.

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.

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 in accordance with Ohio Revised Code. The following controls should be implemented:

- The Village should use and maintain prenumbered citations to provide accountability over all fines, and document any voided citations;
- The Village should maintain all supporting documentation for transactions including but not limited to: detailed information for tickets and citations and an approved fine and fee schedule.
- The Village should remit amounts owed to the appropriate entities timely each month;
- Monthly Mayor's Court reports should have a documented supervisory review.

Officials' Response:

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

FINDING NUMBER 2021-003

Noncompliance

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General fund and Fire fund had expenditures in excess of appropriations of \$65,704 and \$2,438, respectively, as of December 31, 2021. The Village's Fire fund had expenditures in excess of appropriations of \$2,911 as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should establish and implement procedures to closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**FINDING NUMBER 2021-003
(Continued)**

Officials' Response

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

FINDING NUMBER 2021-004

Significant Deficiency

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 deficiencies in the Village's internal controls over sick leave accrual and usage as well as vacation leave, the following conditions were identified:

- During 2020 and 2021, sick leave was not accrued in accordance with Village policies. For 2020 Village policy stated only full-time employees should accrue sick leave, however all part time employees accrued sick leave during 2020. The Village policy was amended in 2021 to allow sick leave for every 80 hours of service. However, sick leave was accrued every pay period, instead of for every 80 hours worked, for all part time employees in 2021. Sick leave continued to be accrued incorrectly for part time employees for the period January 1, 2022 through December 31, 2024. Adjustments will be proposed to correct the sick leave balances of part time employees through December 31, 2024.
- One part-time employee used and was paid for 33 hours of sick leave in 2020 and 7.3 hours of sick leave in 2021 that they were not entitled to as a part-time employee (See Finding 2021-005).
- One employee holds multiple governmental positions at different entities. The Village should consult with its legal counsel on whether employees who work at more than one entity can accrue sick leave or not at each governmental entity.
- One employee had manual adjustments to their pay for a retroactive pay increase, but it was added in a manner that accrued additional sick leave. When attempting to correct this, additional hours were added instead of reduced thus doubling the error. Additionally, a manual adjustment was made to increase sick leave hours for the same employee with no support or explanation for the adjustment. An adjustment will be proposed to correct the sick leave balance of this employee through December 31, 2024.
- One employee was granted one week of vacation per a pay ordinance approved by Council. However, it is unclear in the ordinance whether the employee is required to work the full-time hours indicated in the ordinance (30 hours) to receive this vacation benefit or whether this is a benefit Council was granting this employee regardless of number of hours worked. The employee was not actively working 30 hours per week after September of 2021. Additionally, the ordinance only stated 'one week of vacation' and it is unclear how many hours 'one week' represents for this employee. It is also unclear whether the employee was entitled to an additional week of vacation once she reached two years of service per Ordinance 2021-13 section 4.

Failure to accurately accrue sick leave could, and did, result in leave used and paid that was not earned. This resulted in a finding for recovery for one employee and leave balance adjustments for several employees. Failure to have pay ordinances explicit with the Village's intentions could result in the Village granting and paying leave which it had not intended as a benefit.

FINDING NUMBER 2021-004
(Continued)

The Village should establish and implement internal controls over the leave granted to employees. The Village should modify the sick leave policy and pay ordinances to clearly reflect the benefits they are granting employees.

Officials' Response:

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

OTHER – FINDINGS FOR RECOVERY

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

FINDING NUMBER 2021-005

Ohio Rev. Code § 117.24 requires the Auditor of State determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

Prior to 2021, sick leave was being accrued by part-time employees in violation of the Village’s policy which only allowed full-time employees to accrue and use sick leave. During 2021, the Village amended its sick leave policy to allow sick leave accrual for both full-time and part-time employees after every 80 hours of service. However, sick leave was accrued by part-time employees every pay period regardless of hours worked. Testing revealed that one employee, Laura Stamper, improperly accrued sick leave in 2020 and 2021, and subsequently used the unearned sick leave, resulting in an overpayment of \$644.80.

Ohio Rev. Code § 733.82 states that the treasurer of a municipal corporation or city auditor, or other officer of a municipal corporation having the duties of a municipal treasurer or of a city auditor, shall not be held liable for a loss of public funds when the officer has performed all official duties required of the officer with reasonable care, but shall be liable only when a loss of public funds results from the officer's negligence or other wrongful act.

As the Village Fiscal Officer, Jayme Eldridge was responsible for tracking leave hours and not paying out more hours than employees earned. Paying out more leave than employees earned could have been avoided by tracking hours accurately.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Chapter 117, a Finding for Recovery for public monies illegally expended is hereby issued against Laura Stamper and Fiscal Officer Jayme Eldridge, jointly and severally, in the amount of \$644.80 in favor of Village of Russellville’s General Fund.

Officials' Response:

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



VILLAGE OF RUSSELLVILLE

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2019-001	Budgetary amounts not properly recorded in the accounting system.	Not Corrected	Reissued in the management letter
2019-002	Failure to maintain supporting documentation	Not Corrected	Reissued in the management letter
2019-003	ORC 5705.41(B) Expenditures Exceeding Appropriations	Not Corrected	Reissued as finding 2021-003
2019-004	Failure to properly account for Mayor's Court activity	Not Corrected	Reissued as finding 2021-002
2019-005	Financial reporting errors	Not Corrected	Reissued as finding 2021-001
2019-006	Cash reconciliation processing errors	Not Corrected	Reissued in the management letter

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RUSSELLVILLE

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 2/10/2026

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