



**VILLAGE OF VAN BUREN
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022-2021

**OHIO AUDITOR OF STATE
KEITH FABER**



VILLAGE OF VAN BUREN
HANCOCK COUNTY

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INDEPENDENT AUDITOR’S REPORT

Village of Van Buren
Hancock County
103 South Main Street
P.O. Box 275
Van Buren, Ohio 45899-0275

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 Van Buren, Hancock County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position 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 the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 December 11, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2023

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

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$45,935				\$45,935
Intergovernmental	36,196	\$101,547	\$27,942		165,685
Special Assessments		25,361	139,977		165,338
Charges for Services			6,500		6,500
Fines, Licenses and Permits	575				575
Earnings on Investments	681	47			728
Miscellaneous	320				320
<i>Total Cash Receipts</i>	<u>83,707</u>	<u>126,955</u>	<u>174,419</u>		<u>385,081</u>
Cash Disbursements					
Current:					
Security of Persons and Property	6,731	15,508			22,239
Public Health Services	2,241				2,241
Leisure Time Activities	333				333
Community Environment	5,187				5,187
Basic Utility Services	983				983
Transportation	1,725	44,723			46,448
General Government	31,514	5,398			36,912
Capital Outlay		25,796			25,796
Debt Service:					
Principal Retirement			1,595,619		1,595,619
Interest and Fiscal Charges			64,445		64,445
<i>Total Cash Disbursements</i>	<u>48,714</u>	<u>91,425</u>	<u>1,660,064</u>		<u>1,800,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,993</u>	<u>35,530</u>	<u>(1,485,645)</u>		<u>(1,415,122)</u>
Other Financing Receipts					
Loans Issued			1,284,598		1,284,598
<i>Net Change in Fund Cash Balances</i>	34,993	35,530	(201,047)		(130,524)
<i>Fund Cash Balances, January 1</i>	<u>105,310</u>	<u>140,318</u>	<u>289,402</u>	<u>\$26,586</u>	<u>561,616</u>
<i>Fund Cash Balances, December 31</i>	<u>\$140,303</u>	<u>\$175,848</u>	<u>\$88,355</u>	<u>\$26,586</u>	<u>\$431,092</u>

See accompanying notes to the basic financial statements

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$4,693
Operating Cash Disbursements	
Contractual Services	636
Supplies and Materials	15,565
<i>Total Operating Cash Disbursements</i>	16,201
<i>Net Change in Fund Cash Balances</i>	(11,508)
<i>Fund Cash Balances, January 1</i>	32,059
<i>Fund Cash Balances, December 31</i>	\$20,551

See accompanying notes to the basic financial statements

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Van Buren (the Village), Hancock County, Ohio 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 park operations. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. The Village contracts with Allen Township to receive fire protection services. Village residents receive water and sewer services from the City of Findlay, which performs the billing and collection of these charges for 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 the proprietary fund type 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.

Street Lighting The street lighting fund accounts for and reports that portion of special assessment revenue that is restricted for lighting of the streets.

Park Fund The park fund accounts for and reports donations that are committed to fund construction of the park.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

General Obligation – Sewer The general obligation – sewer fund accounts for and reports that portion of tap fees with the purpose of paying for the debt on the sewer line projects.

Special Assessment Debt Service – Water Line The special assessment debt service – water line fund accounts for and reports that portion of special assessments with the purpose of paying for the debt on the water line projects.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Project/Sewer The other capital project/sewer fund accounts for and reports revenues and expenses for the purpose of improvement projects to the sewer lines.

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:

Post Office Fund The post office fund accounts for rental proceeds from the Federal Post Office.

Basis of Accounting

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

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

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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, 2022 follows:

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,824	\$83,707	\$5,883
Special Revenue	110,876	126,955	16,079
Debt Service	1,449,498	1,459,017	9,519
Enterprise	4,693	4,693	
Total	\$1,642,891	\$1,674,372	\$31,481

2022 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,135	\$48,714	\$134,421
Special Revenue	251,195	91,425	159,770
Debt Service	1,738,900	1,660,064	78,836
Capital Projects	26,586		26,586
Enterprise	36,752	16,201	20,551
Total	\$2,236,568	\$1,816,404	\$420,164

Note 4 – Deposits

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

Cash Management Pool:	2022
Demand deposits	\$451,643

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. At December 31, 2022, the village is holding no unremitted employee payroll withholdings.

Deposits

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

At December 31, 2022, \$60,050 of deposits were not insured or collateralized due to reduced collateral floor by OPCS.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

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

Note 9 – Debt

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

	Principal	Interest Rate
Ohio Water Development Authority Loan #2896	\$258,018	2.00%
Ohio Water Development Authority Loan #4308	59,013	4.00%
Ohio Water Development Authority Loan #9942	733,017	3.42%
Ohio Water Development Authority Loan #9943	314,581	3.42%
Ohio Public Works Commission Loan #CM25V	10,053	0.00%
Ohio Public Works Commission Loan #CM31T	10,817	0.00%
Total	\$1,385,499	

The Ohio Water Development Authority (OWDA) loan # 2896 relates to a water distribution system and trunk line construction. The OWDA approved a loan of \$1,746,599 to the Village for this project. The Village will repay the loan in semiannual installments of \$44,730, including interest, over 25 years. The Village has agreed to set special assessment rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan # 4308 and USDA-Rural Development loan relate to a sanitary sewer system design the Ohio Environmental Protection Agency mandated. The OWDA approved a loan of \$102,012 and the United States Department of Agriculture (USDA) approved a loan of \$1,642,000 to the Village for this project. The Village will repay the OWDA loan in semiannual installments of \$2,931, including interest, over 30 years. The Village will repay the USDA-Rural Development loan in semiannual installments based on the payments stated for the Revenue Bonds, including interest, over 40 years. The Village has agreed to set special assessment rates sufficient to cover OWDA and USDA debt service requirements.

In 2022, the Village refinanced the USDA-Rural Development loan with the Ohio Water Development Authority loan #'s 9942 and 9943 in the amounts of \$970,017 and \$314,581, respectively. The Village made a payment of \$237,000 on loan #9942 at the time of refinance leaving a remaining balance of \$733,017. The Village will repay the OWDA loans in semiannual installments of \$38,893 and \$12,613, respectively, including interest, over 16.5 years.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Public Works Commission (OPWC) Loan CM31T relates to phase 1 of a storm sewer replacement project on the south side of the Village. The OPWC approved a loan of \$12,246 for this portion of the project. The Village will repay the loan in semiannual installments of \$204 (0% interest) over 30 years. The loan was approved in 2018 and payments began in 2019.

The Ohio Public Works Commission (OPWC) Loan CM25V relates to phase 2 of a storm sewer replacement project on the south side of the Village. The OPWC approved a loan of \$11,489 for this portion of the project. The Village will repay the loan in semiannual installments of \$287 (0% interest) over 20 years. The loan was approved in 2019 and payments began in 2020.

Amortization

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

Year Ending December 31:	OWDA Loan# 2896	OWDA Loan# 4308	OWDA Loan# 9942	OWDA Loan# 9943	OPWC Loan# CM25V	OPWC Loan# CM25V
2023	\$89,461	\$5,862	\$29,390	\$12,613	\$575	\$408
2024	89,461	5,862	58,780	25,226	574	408
2025	89,461	5,862	58,780	25,226	575	408
2026		5,862	58,780	25,226	574	408
2027		5,862	58,780	25,226	574	409
2028-2032		29,311	293,901	126,130	2,873	2,041
2033-2037		17,587	293,901	126,130	2,872	2,041
2038-2042			117,560	50,452	1,436	2,041
2043-2047						2,041
2048-2049						612
Total	<u>\$268,383</u>	<u>\$76,208</u>	<u>\$969,872</u>	<u>\$416,229</u>	<u>\$10,053</u>	<u>\$10,817</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

Note 11 – Fund Balances

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.

Village of Van Buren, Ohio
Hancock 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	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$44,056				\$44,056
Intergovernmental	34,112	\$42,865	\$27,942		104,919
Special Assessments		23,802	137,731		161,533
Charges for Services			12,700		12,700
Fines, Licenses and Permits	675				675
Earnings on Investments	57	4			61
Miscellaneous	44				44
Total Cash Receipts	78,944	66,671	178,373		323,988
Cash Disbursements					
Current:					
Security of Persons and Property	6,324	16,910			23,234
Public Health Services	2,064				2,064
Leisure Time Activities	420				420
Community Environment	5,635				5,635
Basic Utility Services	1,483				1,483
Transportation		30,741			30,741
General Government	33,837				33,837
Capital Outlay		1,155			1,155
Debt Service:					
Principal Retirement	14,713		99,587		114,300
Interest and Fiscal Charges			67,220		67,220
Total Cash Disbursements	64,476	48,806	166,807		280,089
Net Change in Fund Cash Balances	14,468	17,865	11,566		43,899
Fund Cash Balances, January 1	90,842	122,453	277,836	\$26,586	517,717
Fund Cash Balances, December 31	\$105,310	\$140,318	\$289,402	\$26,586	\$561,616

See accompanying notes to the basic financial statements

Village of Van Buren, Ohio
Hancock County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$4,692
Operating Cash Disbursements	
Contractual Services	636
Supplies and Materials	978
<i>Total Operating Cash Disbursements</i>	1,614
<i>Net Change in Fund Cash Balances</i>	3,078
<i>Fund Cash Balances, January 1</i>	28,981
<i>Fund Cash Balances, December 31</i>	\$32,059

See accompanying notes to the basic financial statements

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Van Buren (the Village), Hancock County, Ohio 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 park operations. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. The Village contracts with Allen Township to receive fire protection services. Village residents receive water and sewer services from the City of Findlay, which performs the billing and collection of these charges for 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 the proprietary fund type 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.

Street Lighting The street lighting fund accounts for and reports that portion of special assessment revenue that is restricted for lighting of the streets.

Park Fund The park fund accounts for and reports donations that are committed to fund construction of the park.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Village of Van Buren, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

General Obligation – Water The general obligation – water fund accounts for and reports that portion of tap fees with the purpose of paying for the debt on the water line projects.

Special Assessment Debt Service – Water Line The special assessment debt service – water line fund accounts for and reports that portion of special assessments with the purpose of paying for the debt on the water line projects.

Special Assessment Debt Service – Sewer Line The special assessment debt service – sewer line fund accounts for and reports that portion of special assessments with the purpose of paying for the debt on the sewer line projects.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Project/Sewer The other capital project/sewer fund accounts for and reports revenues and expenses for the purpose of improvement projects to the sewer lines.

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:

Post Office Fund The post office fund accounts for rental proceeds from the Federal Post Office.

Basis of Accounting

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

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

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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, 2021 follows:

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,539	\$78,944	\$5,405
Special Revenue	53,715	66,671	12,956
Debt Service	164,900	178,373	13,473
Enterprise	4,693	4,692	(1)
Total	\$296,847	\$328,680	\$31,833

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$164,380	\$64,476	\$99,904
Special Revenue	176,168	48,806	127,362
Debt Service	442,735	166,807	275,928
Capital Projects	26,586		26,586
Enterprise	33,674	1,614	32,060
Total	\$843,543	\$281,703	\$561,840

Note 4 – Deposits

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

	2021
Cash Management Pool:	
Demand deposits	\$593,675

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. At December 31, 2021, the village is holding no unremitted employee payroll withholdings.

Deposits

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

At December 31, 2021, \$97,708 of deposits were not insured or collateralized due to reduced collateral floor by OPCS.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – 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.

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2896	\$340,665	2.00%
Ohio Water Development Authority Loan #4308	62,419	4.00%
USDA - Rural Development Loan	1,272,500	4.25%
Ohio Public Works Commission Loan #CM25V	10,627	0.00%
Ohio Public Works Commission Loan #CM31T	11,226	0.00%
Total	<u>\$1,697,437</u>	

The Ohio Water Development Authority (OWDA) loan # 2896 relates to a water distribution system and trunk line construction. The OWDA approved a loan of \$1,746,599 to the Village for this project. The Village will repay the loan in semiannual installments of \$44,730, including interest, over 25 years. The Village has agreed to set special assessment rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan # 4308 and USDA-Rural Development loan relate to a sanitary sewer system design the Ohio Environmental Protection Agency mandated. The OWDA approved a loan of \$102,012 and the United States Department of Agriculture (USDA) approved a loan of \$1,642,000 to the Village for this project. The Village will repay the OWDA loan in semiannual installments of \$2,931, including interest, over 30 years. The Village will repay the USDA-Rural Development loan in semiannual installments based on the payments stated for the Revenue Bonds, including interest, over 40 years. The Village has agreed to set special assessment rates sufficient to cover OWDA and USDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan CM31T relates to phase 1 of a storm sewer replacement project on the south side of the Village. The OPWC approved a loan of \$12,246 for this portion of the project. The Village will repay the loan in semiannual installments of \$204 (0% interest) over 30 years. The loan was approved in 2018 and payments began in 2019.

The Ohio Public Works Commission (OPWC) Loan CM25V relates to phase 2 of a storm sewer replacement project on the south side of the Village. The OPWC approved a loan of \$11,489 for this portion of the project. The Village will repay the loan in semiannual installments of \$287 (0% interest) over 20 years. The loan was approved in 2019 and payments began in 2020.

Village of Van Buren, Ohio
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	OWDA Loan# 2896	OWDA Loan# 4308	USDA Loan	OPWC Loan# CM25V	OPWC Loan# CM31T
2022	\$89,461	\$5,862	\$86,141	\$574	\$408
2023	89,461	5,862	86,149	575	408
2024	89,461	5,862	86,296	574	408
2025	89,461	5,862	86,177	575	408
2026		5,862	85,998	574	409
2027-2031		29,311	430,844	2,872	2,041
2032-2036		23,449	430,649	2,872	2,041
2037-2041			430,634	2,011	2,041
2042-2046			301,466		2,041
2047-2049					1,021
Total	<u>\$357,844</u>	<u>\$82,070</u>	<u>\$2,024,354</u>	<u>\$10,627</u>	<u>\$11,226</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

Note 11 – Fund Balances

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.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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 Van Buren
Hancock County
103 South Main Street
P.O. Box 275
Van Buren, Ohio 45899-0275

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 as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Van Buren, Hancock County, Ohio (the Village) and have issued our report thereon dated December 11, 2023, 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 2022-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2023

**VILLAGE OF VAN BUREN
HANCOCK COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

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

The following errors were noted in the accompanying financial statements:

- In 2022, the refinance of the United States Development Authority (USDA) loan with two Ohio Water Development Authority (OWDA) loans was not posted to the accounting system. This resulted in an understatement of loans issued, principal retirement, and interest and fiscal charges in the amounts of \$1,284,598, \$1,256,500, and \$28,098, respectively, in the Debt Service Funds.
- In 2022, a principal payment on a new OWDA loan was incorrectly recorded as interest and fiscal charges in the amount of \$167,000 in the Debt Service Funds.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified misstatements ranging from \$983 to \$1,100 that we have brought to the Village's attention.

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

Officials' Response:

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

**VILLAGE OF VAN BUREN
HANCOCK COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material weakness for financial reporting due to audit adjustments. Finding first reported in the 2012-2011 audit.	Not corrected and repeated as Finding 2022-001 in this report.	The Clerk-Treasurer will review the errors, the proper procedures, and make corrections in the future.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF VAN BUREN

HANCOCK 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 12/26/2023

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

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