



**VILLAGE OF DESHLER  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023-2022**

**OHIO AUDITOR OF STATE  
KEITH FABER**





VILLAGE OF DESHLER  
HENRY COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Deshler  
Henry County  
101 East Main Street  
Deshler, Ohio 43516-1286

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 Deshler, Henry 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, 2023 and 2022, and the related notes to the financial statements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position 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 October 15, 2024, 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

October 15, 2024

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$128,392	\$11,233	\$11,233	\$150,858
Municipal Income Tax		422,151		422,151
Intergovernmental	56,890	127,525	177,037	361,452
Charges for Services	83,257			83,257
Fines, Licenses and Permits	14,829			14,829
Earnings on Investments	14,833			14,833
Miscellaneous	18,434	5,047	47,700	71,181
<i>Total Cash Receipts</i>	<u>316,635</u>	<u>565,956</u>	<u>235,970</u>	<u>1,118,561</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	243,176			243,176
Public Health Services	9,000			9,000
Leisure Time Activities	10,788	27,915		38,703
Community Environment	7,027			7,027
Basic Utility Services	2,428			2,428
Transportation	1,500	119,723		121,223
General Government	119,320	53,882		173,202
Intergovernmental		134,000		134,000
Capital Outlay	16,192	116,498	726,996	859,686
Debt Service:				
Principal Retirement	35,627	6,251	69,054	110,932
Interest and Fiscal Charges	2,949	421		3,370
<i>Total Cash Disbursements</i>	<u>448,007</u>	<u>458,690</u>	<u>796,050</u>	<u>1,702,747</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(131,372)</u>	<u>107,266</u>	<u>(560,080)</u>	<u>(584,186)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets			50,502	50,502
Transfers In	200,000	135,000	12,855	347,855
Transfers Out	(66,253)	(382,855)		(449,108)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>133,747</u>	<u>(247,855)</u>	<u>63,357</u>	<u>(50,751)</u>
<i>Net Change in Fund Cash Balances</i>	2,375	(140,589)	(496,723)	(634,937)
<i>Fund Cash Balances, January 1</i>	<u>38,116</u>	<u>528,740</u>	<u>690,430</u>	<u>1,257,286</u>
<i>Fund Cash Balances, December 31</i>	<u>\$40,491</u>	<u>\$388,151</u>	<u>\$193,707</u>	<u>\$622,349</u>

*See accompanying notes to the basic financial statements*

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

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$4,133,837
<b>Operating Cash Disbursements</b>	
Personal Services	757,118
Employee Fringe Benefits	259,487
Contractual Services	2,678,548
Supplies and Materials	319,660
Other	5,635
<i>Total Operating Cash Disbursements</i>	4,020,448
<i>Operating Income</i>	113,389
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	1,514
Other Debt Proceeds	100,000
Miscellaneous Receipts	84,384
Capital Outlay	(490,981)
Principal Retirement	(399,937)
Interest and Other Fiscal Charges	(37,082)
<i>Total Non-Operating Receipts (Disbursements)</i>	(742,102)
<i>Income before Transfers</i>	(628,713)
Transfers In	101,253
<i>Net Change in Fund Cash Balance</i>	(527,460)
<i>Fund Cash Balance, January 1</i>	2,886,287
<i>Fund Cash Balance, December 31</i>	\$2,358,827
<i>See accompanying notes to the basic financial statements</i>	

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

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**Note 1 – Reporting Entity**

The Village of Deshler (the Village), Henry 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 water, electric, gas, and sewer utilities; park operations; and police services. The Village no longer provides fire services, as Corn City Fire District was formed in 2016.

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

The Village participates in a joint venture, two jointly governed organizations, and two public entity risk pools. Notes 6, 11, 12, and 13 to the financial statements provide additional information for these entities.

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

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

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types 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.

***Income Tax Fund*** The income tax fund receives money from residents and individuals who live and work in the Village limits.

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

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**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:

**Electric Capital Projects** This fund was created in 2020 to receive funds from the sale of the Village's electric transmission line. The funds will be used for the acquisition of new assets.

**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:

**Electric Fund** This fund receives charges for services from residents to cover electric service costs.

**Gas Operating Fund** This fund receives charges for services from residents to cover natural gas service costs.

***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 be budgeted annually.

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

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

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***Deposits and Investments***

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

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

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

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 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$775,050	\$516,635	(\$258,415)
Special Revenue	826,009	700,956	(125,053)
Capital Projects	1,053,320	299,327	(753,993)
Enterprise	5,621,100	4,420,988	(1,200,112)
<b>Total</b>	<b>\$8,275,479</b>	<b>\$5,937,906</b>	<b>(\$2,337,573)</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$757,598	\$516,988	\$240,610
Special Revenue	983,232	852,007	131,225
Capital Projects	1,562,683	831,058	731,625
Enterprise	6,678,930	4,977,944	1,700,986
<b>Total</b>	<b>\$9,982,443</b>	<b>\$7,177,997</b>	<b>\$2,804,446</b>

**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:

Demand deposits	2023 \$2,269,466
Certificates of deposit	710,872
Other time deposits (savings and NOW accounts)	513
Petty Cash	325
<b>Total deposits</b>	<b>\$2,981,176</b>

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.

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

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***Deposits***

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

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

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

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The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	( <u>16,078,587</u> )
Members' Equity	<u>\$ 7,035,109</u>

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

***Ohio Police and Fire Retirement System***

The Village's two certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 11.5 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wage. The Village has paid all contributions required through December 31, 2023.

***Social Security***

Elected Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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



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

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan - Main Street Revitalization	\$107,800	0.00%
OPWC Loan - Well Field Development	11,523	0.00%
OPWC Loan - Wastewater Treatment/Pump Station	383,334	0.00%
OPWC Loan - Waterline Loop 1A	114,690	0.00%
OPWC Loan - Waterline Loop 1B	52,868	0.00%
OPWC Loan - Sewer Forcemain Replacement	70,585	0.00%
OPWC Loan - South Pine Street Bridge Replacement	62,239	0.00%
OWDA Loan - Water Meters & Tower	246,204	3.45%
OWDA Loan - Water Treatment Plant	548,837	0.00%
OWDA Loan - Sewer Separation Project	314,522	0.00%
OWDA Loan - Wastewater & Lagoon	929,513	0.78%
Corn City Bank Loan - Ford Explorer	18,315	5.95%
Corn City Bank Loan - Refinance Gas Project	319,890	4.50%
Corn City Bank Loan - Street/Sewer Truck #2	30,324	3.55%
Ohio Dept of Commerce Loan - Firetruck	90,000	0.00%
Total	<u>\$3,300,644</u>	

The Ohio Public Works Commission (OPWC) Main Street Revitalization loan relates to the Main Street revitalization project. This loan will be repaid in semi-annual payments of \$5,390 for 20 years. This loan is secured by the Village’s income tax revenue.

The OPWC Well Field Development loan relates to a well field development project. This loan will be repaid in semi-annual installments of \$960 for 20 years. The loan is secured by revenues from the Village’s water system.

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

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The OPWC Waste Water Treatment Plant (WWTP) and Pump Station loan relates to the pump station and lagoon project. This loan will be repaid in semi-annual payments of \$8,333 for 30 years. This loan is secured by the revenues from the Village's water system.

The OPWC Waterline Loop Extension & Meter project. Phase 1 of the project was completed in 2017 and will be repaid with monthly payments of \$4,588 for 30 years beginning in 2018. The loan will be secured by the Village's water fund.

The OPWC Marion Street Waterline Extension Phase 1B and Meter Pits. This project was completed in 2019. This was a joint project with the Henry County Regional Water & Sewer District. The Henry County Regional Water & Sewer District was recently taken over by the Northwestern Water & Sewer District. Semi-annual installment of \$1,017 are paid by the Village of Deshler with reimbursement being made by the Northwestern Water & Sewer District. The loan will be secured by the Village's water fund.

The OPWC Loan CE24T loan relates to the Sewer Forcemain Replacement project in the Village of Deshler and the Meter and Meter Pit Replacement in the Villages of Hamler and Malinta. This was a joint OPWC project. The Villages of Hamler and Malinta pay their portion of the loan to the Village of Deshler, and Deshler pays OPWC the entire loan amount. In 2019 the Village of Malinta paid the Village of Deshler for their entire portion of the loan, which amounted to \$33,260. Deshler's portion of this loan is secured by the Village's water fund.

The OPWC Loan, South Pine Street Bridge Replacement, related to replacing a Village bridge. This loan will be repaid in semi-annual installments after the project is completed.

The Ohio Water Development Authority (OWDA) Water Meters & Tower loan relates to an Environmental Protection Agency mandated project to separate the sanitary sewer lines from the current sewer system. The Village installed new taps to owners' properties. The loan will be repaid in semi-annual payments of \$39,342 over 20 years. The loan is secured by revenues from the Village's sewer system.

The OWDA Water Treatment Plant loan relates to an Environmental Protection Agency project for the construction of a water treatment plant. The loan will be repaid in semi-annual payments of \$36,589 over 20 years. The loan is secured by revenues from the Village's water system.

The OWDA Sewer Separation Project relates to the purchase of water meters and blasting and repainting of the existing water tower. The loan will be repaid in semi-annual payments of \$9,057 over 30 years. The loan is secured by the revenues from the Village's water system.

The OWDA Wastewater & Lagoon loan relates to the pump station and lagoon improvements project. The loan will be repaid in semi-annual payments of \$22,561 over 30 years. The loan is secured by the revenues from the Village's water system.

The Corn City State Bank – Gas Loan Refinance relates to the refinancing of two loans for the purpose of replacing gas lines in the Village and will be repaid with monthly payments of \$15,000 for 15 years. The loan is secured by the revenues from the Village's gas system revenue.

The Corn City State Bank - The Streets/Sewer/Land & Building departments utilize the same vehicles and this loan is to pay for a second new truck for these departments. The loan will be repaid in monthly installments of \$1,497.

**Village of Deshler, Ohio**  
*Henry County*  
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*For the Year Ended December 31, 2023*

The Corn City State Bank – Police Ford Explorer loan is for a 2023 police cruiser with monthly payments of \$870.17. The loan is secured by the revenues from the Village’s income tax revenue.

The Department of Commerce loan is for the purchase of a new fire truck. This loan will be repaid in quarterly payments of \$5,000 over a 15 year period. The Fire Department is now a separate entity and not under the village. The loan could not be transferred into their name. The Corn City Fire District pays the Village the amount of the loan payment and the Village pays the Ohio Dept. of Commerce the installments.

***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	Dept. of Commerce	Corn City State Bank Loans
2024	\$40,778	\$215,099	\$20,000	\$208,404
2025	40,778	215,099	20,000	63,755
2026	40,778	215,099	20,000	10,442
2027	40,778	214,046	20,000	10,442
2028	40,778	136,416	10,000	1,740
2029-2033	196,206	535,724		
2034-2038	140,385	316,189		
2039-2043	140,385	289,017		
2044-2048	107,052	112,807		
2049-2053	15,121			
Total	<u>\$803,039</u>	<u>\$2,249,496</u>	<u>\$90,000</u>	<u>\$294,783</u>

**AMP Generating Station (AMPGS) Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village’s share was 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 percent share. The AMPGS Project required participants to sign “take or pay” contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP’s pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share at March 31, 2014 of the impaired costs is \$172,913. The Village received a credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants and made payments of \$143,800 leaving a net credit balance of impaired costs estimate of \$16,112. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village’s credit balance. These amounts will be recorded as they become estimable.

**Village of Deshler, Ohio**  
*Henry County*  
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*For the Year Ended December 31, 2023*

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In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$10,400 to AMP increasing its net credit balance. Also since March 31, 2014 the Village's allocation of additional costs incurred by the project is \$2,171, and interest on the net credit balance credited to the Village has been \$6,005, resulting in a net credit balance at December 31, 2023 of \$30,347. The Village does have a potential PHFU Liability of \$27,975 resulting in a net total potential liability of (\$2,372), assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items such as revenue from leases or sale of all or a portion of the Meigs County site property.

#### **Prairie State Energy Campus**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a two unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "Initial Prairie State Bonds") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the "Prairie State Refunding Bonds" and, together with the Initial Prairie State Bonds, the "Prairie State Bonds") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2023, on an unaudited basis, AMP had \$1,315,450,000 aggregate principal amount of Prairie State Bonds outstanding.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

The Village of Deshler has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 746 kW or 0.20% of capacity and associated energy from the PSEC.

**Village of Deshler, Ohio**  
*Henry County*  
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*For the Year Ended December 31, 2023*

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**Combined Hydroelectric Projects**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount \$2,483,845,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2023, on an unaudited basis, \$2,059,888,824 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

As previously disclosed, on August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio (the “Court”) against Voith Hydro, Inc. (“Voith”), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (the “Projects”). In the lawsuit, AMP alleged, among other things, that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. On October 16, 2017, Voith filed its answer, denying each of AMP’s claims, and asserting two counterclaims seeking the payment of amounts it claimed were due under the contract, amounts held by AMP as purported liquidated damages and additional damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith’s cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the participants in either of the Projects.

The Village of Deshler has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 999 kW or 0.48% of capacity and associated energy from the Combined Hydroelectric Projects.

**Note 10 – Construction and Contractual Commitments**

The Village is committed to the ODNR 2023 Capital Improvements Project for the Reservoir Pedestrian Bridge. The project runs from August 2023 through April 2024. The total amount of the project is \$116,714, with the Village portion being \$20,004.

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

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**Note 11 – Joint Ventures**

**Woodlawn Union Cemetery:** The Board is comprised of three members consisting of a Bartlow Township Trustee, a Deshler Village Council member and the Cemetery Clerk/Sexton. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations. Both Deshler Village and Bartlow Township help fund the Woodlawn Cemetery with an \$9,000 annual contribution from each.

**Note 12 – Jointly Governed Organizations**

**Corn City Regional Fire District:** The Village participates in a jointly governed organization with the Corn City Regional Fire District. The Corn City Regional Fire District was formed in 2016, and consists of the territorial area of Bartlow Township, Henry County, Ohio, which includes the Village of Deshler. Two members of the Village Council and two Bartlow Township Trustees serve on the Corn City Regional Fire District Board. When the fire department was governed by the Village, a new fire truck was purchased. A loan was obtained from Ohio Department of Commerce. When the new Fire District was formed, the loan was not allowed to be transferred to the Fire District’s name. Because of this, the Village still receives and pays the invoices for the loan and the Fire District reimburses the Village. The amount is \$20,000 annually.

**Henry County South Joint Ambulance District:** The District consists of a twelve-member Board of Trustees that governs the District. Each political subdivision within the District appoints one member. One member of Deshler Village Council serves on this Board. The District consists of Bartlow, Flatrock, Marion, Monroe, Pleasant and Richfield Townships, along with the Villages of Hamler, Deshler, Malinta, Holgate and New Bavaria. The District provides emergency medical services within the District.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Public Treasurers Association Group Rating Plan (GRP) for worker’s compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Fund Balances**

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

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Total
Outstanding Encumbrances	2,728	10,462	35,008	27,088	75,286

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

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

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**Note 15 – Subsequent Events**

The Village received a Natural Gas Distribution Infrastructure Safety Modernization (NGDISM) grant in 2024. The total amount of the grant is \$2,218,193 which will be spent over the period of performance of March 8, 2024 through March 7, 2027.

**Note 16 – Miscellaneous Revenue**

The Village received donations for the Pedestrian Bridge project. These funds were recorded in the capital projects fund as miscellaneous revenue.

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$124,266	\$10,519	\$10,519	\$145,304
Municipal Income Tax		404,268		404,268
Intergovernmental	121,811	216,573	4,000	342,384
Charges for Services	68,265			68,265
Fines, Licenses and Permits	14,848			14,848
Earnings on Investments	2,156			2,156
Miscellaneous	24,278	34,396	2,650	61,324
<i>Total Cash Receipts</i>	<u>355,624</u>	<u>665,756</u>	<u>17,169</u>	<u>1,038,549</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	247,927			247,927
Public Health Services	8,017			8,017
Leisure Time Activities	10,303	36,901		47,204
Community Environment	6,934			6,934
Basic Utility Services	2,500			2,500
Transportation	1,500	125,988		127,488
General Government	97,158	87,363	9,393	193,914
Intergovernmental		16,000		16,000
Capital Outlay	97,329	47,068	177,592	321,989
Debt Service:				
Principal Retirement	37,454	5,985	29,210	72,649
Interest and Fiscal Charges	2,547	687		3,234
<i>Total Cash Disbursements</i>	<u>511,669</u>	<u>319,992</u>	<u>216,195</u>	<u>1,047,856</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(156,045)</u>	<u>345,764</u>	<u>(199,026)</u>	<u>(9,307)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued			32,582	32,582
Sale of Capital Assets			26,249	26,249
Transfers In	210,000	23,216	33,147	266,363
Transfers Out	(57,403)	(293,146)		(350,549)
Other Financing Uses	(2,200)			(2,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>150,397</u>	<u>(269,930)</u>	<u>91,978</u>	<u>(27,555)</u>
<i>Net Change in Fund Cash Balances</i>	(5,648)	75,834	(107,048)	(36,862)
<i>Fund Cash Balances, January 1</i>	<u>43,764</u>	<u>452,906</u>	<u>797,478</u>	<u>1,294,148</u>
<i>Fund Cash Balances, December 31</i>	<u>\$38,116</u>	<u>\$528,740</u>	<u>\$690,430</u>	<u>\$1,257,286</u>

*See accompanying notes to the basic financial statements*



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

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$4,407,469
<b>Operating Cash Disbursements</b>	
Personal Services	734,099
Employee Fringe Benefits	238,231
Contractual Services	2,620,726
Supplies and Materials	314,739
Other	7,398
<i>Total Operating Cash Disbursements</i>	3,915,193
<i>Operating Income</i>	492,276
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	2,734
Miscellaneous Receipts	227,379
Intergovernmental Disbursements	(177,314)
Capital Outlay	(357,863)
Excise Tax Payment - Electric	(38,694)
<i>Total Non-Operating Receipts (Disbursements)</i>	(343,758)
<i>Income before Transfers</i>	148,518
Transfers In	84,186
<i>Net Change in Fund Cash Balance</i>	232,704
<i>Fund Cash Balance, January 1</i>	2,653,583
<i>Fund Cash Balance, December 31</i>	\$2,886,287

*See accompanying notes to the basic financial statements*

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

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**Note 1 – Reporting Entity**

The Village of Deshler (the Village), Henry 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 water, electric, gas, and sewer utilities; park operations; and police services. The Village no longer provides fire services, as Corn City Fire District was formed in 2016.

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

The Village participates in a joint venture, two jointly governed organizations, and two public entity risk pools. Notes 6, 11, 12, and 13 to the financial statements provide additional information for these entities.

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

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

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types 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.

***Income Tax Fund*** The income tax fund receives money from residents and individuals who live and work in the Village limits.

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

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**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:

**Electric Capital Projects** This fund was created in 2020 to receive funds from the sale of the Village's electric transmission line. The funds will be used for the acquisition of new assets.

**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:

**Electric Fund** This fund receives charges for services from residents to cover electric service costs.

**Gas Operating Fund** This fund receives charges for services from residents to cover natural gas service costs.

***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 be budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

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

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***Deposits and Investments***

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

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

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

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 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$769,000	\$565,624	(\$203,376)
Special Revenue	784,416	688,972	(95,444)
Capital Projects	1,708,000	109,147	(1,598,853)
Enterprise	5,291,676	4,721,768	(569,908)
Total	\$8,553,092	\$6,085,511	(\$2,467,581)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$764,016	\$574,961	\$189,055
Special Revenue	991,863	659,418	332,445
Capital Projects	2,278,134	223,418	2,054,716
Enterprise	6,065,445	4,539,020	1,526,425
Total	\$10,099,458	\$5,996,817	\$4,102,641

**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:

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

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	2022
Demand deposits	\$3,431,804
Certificates of deposit	710,931
Other time deposits (savings and NOW accounts)	513
Petty Cash	325
Total deposits	\$4,143,573

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 by securities specifically pledged by the financial institution to the Village.

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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

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**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

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

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

The Village’s certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 11.5 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wage . The Village has paid all contributions required through December 31, 2022.

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

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***Social Security***

Elected Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.



**Village of Deshler, Ohio**  
*Henry County*  
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*For the Year Ended December 31, 2022*

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan - Main Street Revitalization	\$118,580	0.00%
OPWC Loan - Well Field Development	13,444	0.00%
OPWC Loan - Wastewater Treatment/Pump Station	400,000	0.00%
OPWC Loan - Waterline Loop 1A	119,279	0.00%
OPWC Loan - Waterline Loop 1B	54,901	0.00%
OPWC Loan - Sewer Forcemain Replacement	73,300	0.00%
OPWC Loan - South Pine Street Bridge Replacement	62,239	0.00%
OWDA Loan - Water Meters & Tower	255,582	3.45%
OWDA Loan - Water Treatment Plant	622,014	0.00%
OWDA Loan - Sewer Separation Project	392,362	0.00%
OWDA Loan - Wastewater & Lagoon	967,166	0.78%
Corn City Bank Loan - Street/Sewer Truck	8,549	5.50%
Corn City Bank Loan - Police Tahoe	40,930	3.75%
Corn City Bank Loan - Refinance Gas Project	379,890	4.50%
Corn City Bank Loan - Street/Sewer Truck #2	46,892	3.55%
Ohio Dept of Commerce Loan - Firetruck	110,000	0.00%
Total	<u>\$3,665,128</u>	

The Ohio Public Works Commission (OPWC) Main Street Revitalization loan relates to the Main Street revitalization project. This loan will be repaid in semi-annual payments of \$5,390 for 20 years. This loan is secured by the Village’s income tax revenue.

The OPWC Well Field Development loan relates to a well field development project. This loan will be repaid in semi-annual installments of \$960 for 20 years. The loan is secured by revenues from the Village’s water system.

The OPWC Waste Water Treatment Plant (WWTP) and Pump Station loan relates to the pump station and lagoon project. This loan will be repaid in semi-annual payments of \$8,333 for 30 years. This loan is secured by the revenues from the Village’s water system.

The OPWC Waterline Loop Extension & Meter project. Phase 1 of the project was completed in 2017 and will be repaid with monthly payments of \$4,588 for 30 years beginning in 2018. The loan will be secured by the Village’s water fund.

The OPWC Marion Street Waterline Extension Phase 1B and Meter Pits. This project was completed in 2019. This was a joint project with the Henry County Regional Water & Sewer District. The Henry County Regional Water & Sewer District was recently taken over by the Northwestern Water & Sewer District. Semi-annual installment of \$1,017 are paid by the Village of Deshler with reimbursement being made by the Northwestern Water & Sewer District. The loan will be secured by the Village’s water fund.

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

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The OPWC Loan CE24T loan relates to the Sewer Forcemain Replacement project in the Village of Deshler and the Meter and Meter Pit Replacement in the Villages of Hamler and Malinta. This was a joint OPWC project. The Villages of Hamler and Malinta pay their portion of the loan to the Village of Deshler, and Deshler pays OPWC the entire loan amount. In 2019 the Village of Malinta paid the Village of Deshler for their entire portion of the loan, which amounted to \$33,260. Deshler's portion of this loan is secured by the Village's water fund.

The OPWC Loan, South Pine Street Bridge Replacement, related to replacing a Village bridge. This loan will be repaid in semi-annual installments after the project is completed. Amortization of this loan is not included below.

The Ohio Water Development Authority (OWDA) Water Meters & Tower loan relates to an Environmental Protection Agency mandated project to separate the sanitary sewer lines from the current sewer system. The Village installed new taps to owners' properties. The loan will be repaid in semi-annual payments of \$39,342 over 20 years. The loan is secured by revenues from the Village's sewer system.

The OWDA Water Treatment Plant loan relates to an Environmental Protection Agency project for the construction of a water treatment plant. The loan will be repaid in semi-annual payments of \$36,589 over 20 years. The loan is secured by revenues from the Village's water system.

The OWDA Sewer Separation Project relates to the purchase of water meters and blasting and repainting of the existing water tower. The loan will be repaid in semi-annual payments of \$9,057 over 30 years. The loan is secured by the revenues from the Village's water system.

The OWDA Wastewater & Lagoon loan relates to the pump station and lagoon improvements project. The loan will be repaid in semi-annual payments of \$22,561 over 30 years. The loan is secured by the revenues from the Village's water system.

The Corn City State Bank – The Streets/Sewer/Land & Building departments utilize the same vehicles and this loan is to pay for a new truck for these departments. The loan will be repaid in monthly installments of \$1,091 and is secured by the income tax fund and revenues from the sewer fund.

The Corn City State Bank – Gas Loan Refinance relates to the refinancing of two loans for the purpose of replacing gas lines in the Village and will be repaid with monthly payments of \$15,000 for 15 years. The loan is secured by the revenues from the Village's gas system revenue.

The Corn City State Bank – Gas Loan #2 relates to replacing gas lines in the Village and will be repaid with monthly payments of \$5,426 for 10 years. The loan is secured by the revenues from the Village's gas system revenue.

The Corn City State Bank – Police Tahoe loan is for a 2021 police cruiser and will be repaid with the semi-annual payments of \$5,573 for five years.

The Corn City State bank – The Streets/Sewer/Land & Building departments utilize the same vehicles and this loan is to pay for the second new truck for these departments. The loan will be repaid in monthly installments of \$1,497.

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

The Department of Commerce loan is for the purchase of a new fire truck. This loan will be repaid in quarterly payments of \$5,000 over a 15 year period. The Fire Department is now a separate entity and not under the village. The loan could not be transferred into their name. The Corn City Fire District pays the Village the amount of the loan payment and the Village pays the Ohio Dept. of Commerce the installments.

***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	Dept. of Commerce	Corn City State Bank Loans
2023	\$38,703	\$215,099	\$20,000	\$217,835
2024	38,703	215,099	20,000	209,109
2025	38,703	215,099	20,000	64,459
2026	38,703	215,099	20,000	11,146
2027	38,703	214,046	20,000	
2028-2032	187,753	608,903	10,000	
2033-2037	140,793	316,189		
2038-2042	130,013	307,131		
2043-2047	113,346	157,930		
2048-2050	14,084			
Total	<u>\$779,504</u>	<u>\$2,464,595</u>	<u>\$110,000</u>	<u>\$502,549</u>

**AMP Generating Station (AMPGS) Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is \$172,913. The Village received a credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants and made payments of \$143,800 leaving a net credit balance of impaired costs estimate of \$16,112. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable.

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

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In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$10,400 to AMP increasing its net credit balance. Also since March 31, 2014 the Village's allocation of additional costs incurred by the project is \$2,159, and interest on the net credit balance credited to the Village has been \$3,998, resulting in a net credit balance at December 31, 2022 of \$28,351. The Village does have a potential PHFU Liability of \$26,699 resulting in a net total potential liability of (-\$1,652), assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items such as revenue from leases or sale of all or a portion of the Meigs County site property.

### **Prairie State Energy Campus**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a two unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "Initial Prairie State Bonds") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the "Prairie State Refunding Bonds" and, together with the Initial Prairie State Bonds, the "Prairie State Bonds") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2022, on an unaudited basis, AMP had \$1,380,660,000 aggregate principal amount of Prairie State Bonds outstanding.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

The Village of Deshler has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 746 kW or 0.20% of capacity and associated energy from the PSEC.

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

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**Combined Hydroelectric Projects**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount \$2,483,845,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2022, on an unaudited basis, \$2,095,038,235 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. (“Voith”), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP’s claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

The Village of Deshler has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 999 kW or 0.48% of capacity and associated energy from the Combined Hydroelectric Projects.

**Note 10 – Construction and Contractual Commitments**

The Village is committed to the OPWC 2022 Water Structure Improvements Project for the rehabilitation to the elevated water tank. The project runs from June 2022 through December 2023. The total project cost is \$155,715 with the Village’s portions being \$73,723.50.

**Note 11 – Joint Venture**

**Woodlawn Union Cemetery:** The Board is comprised of three members consisting of a Bartlow Township Trustee, a Deshler Village Council member and the Cemetery Clerk/Sexton. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations. Both Deshler Village and Bartlow Township help fund the Woodlawn Cemetery with an \$8,000 annual contribution from each.

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

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**Note 12 – Jointly Governed Organizations**

**Corn City Regional Fire District:** The Village participates in a jointly governed organization with the Corn City Regional Fire District. The Corn City Regional Fire District was formed in 2016, and consists of the territorial area of Bartlow Township, Henry County, Ohio, which includes the Village of Deshler. Two members of the Village Council and two Bartlow Township Trustees serve on the Corn City Regional Fire District Board. When the fire department was governed by the Village, a new fire truck was purchased. A loan was obtained from Ohio Department of Commerce. When the new Fire District was formed, the loan was not allowed to be transferred to the Fire District’s name. Because of this, the Village still receives and pays the invoices for the loan and the Fire District reimburses the Village. The amount is \$20,000 annually.

**Henry County South Joint Ambulance District:** The District consists of a twelve-member Board of Trustees that governs the District. Each political subdivision within the District appoints one member. One member of Deshler Village Council serves on this Board. The District consists of Bartlow, Flatrock, Marion, Monroe, Pleasant and Richfield Townships, along with the Villages of Hamler, Deshler, Malinta, Holgate and New Bavaria. The District provides emergency medical services within the District.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Public Treasurers Association Group Rating Plan (GRP) for worker’s compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Fund Balances**

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

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Total
Outstanding Encumbrances	\$3,689	\$46,280	\$7,223	\$49,956	\$107,148

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

**Note 15 – Compliance**

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded sewer receipts in the wrong fund.

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Village of Deshler  
Henry County  
101 East Main Street  
Deshler, Ohio 43516-1286

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 the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Deshler, Henry County, Ohio, (the Village) and have issued our report thereon dated October 15, 2024, 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

October 15, 2024



VILLAGE OF DESHLER  
HENRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness – Financial Reporting**

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

We identified the following errors requiring adjustments to the financial statements:

- In 2023, the Village inappropriately recorded \$57,236 of principal retirement disbursements as capital outlay disbursements in the Capital Projects fund.
- In 2022, the Village understate loans issued receipts and capital outlay disbursements for the Capital Projects fund in the amount of \$22,509 due to the OPWC payments on behalf of the Village for the Pine Street Bridge Construction Project not being recorded.
- In 2022, the Village inappropriately recorded \$18,430 of principal retirement disbursements as capital outlay disbursements.

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 could lead Village Council to make misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified an additional misstatement of \$118, which we have brought to the Village's attention.

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

FINDING NUMBER 2023-002

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to inadequate policies and procedures in posting revenue to the accounting system, the Village inappropriately recorded \$15,162 of sewer revenue in the Other Debt Service fund, in 2022. Given the source of the revenue, this should have been recorded in the Sewer Operating fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.



# VILLAGE OF DESHLER



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

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first reported during the audit of the 2018-2019 financial statements. Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2023-001 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.
2021-002	Ohio Rev. Code § 5705.10(D) due to incorrectly recording Sewer Fund revenue.	Not corrected and reissued as Finding 2023-002 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. Village Council will perform detailed reviews of financial information to help ensure financial statements are correct.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DESHLER**

**HENRY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/7/2024**

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

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