



**VILLAGE OF MOUNT BLANCHARD  
HANCOCK COUNTY**

**REGULAR AUDIT**

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

**OHIO AUDITOR OF STATE  
KEITH FABER**





VILLAGE OF MOUNT BLANCHARD  
HANCOCK COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Mount Blanchard  
Hancock County  
103 East Clay Street, P.O. Box 333  
Mount Blanchard, Ohio 45867-0333

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 Mount Blanchard, Hancock County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 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 December 2, 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

December 2, 2024

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$46,177	\$11,211		\$57,388
Municipal Income Tax	99,766			99,766
Intergovernmental	37,608	41,439	\$164,100	243,147
Special Assessments		42	192	234
Charges for Services		27,756		27,756
Fines, Licenses and Permits	60			60
Earnings on Investments	7,350	216		7,566
Miscellaneous	2,487	915	1,805	5,207
<i>Total Cash Receipts</i>	<u>193,448</u>	<u>81,579</u>	<u>166,097</u>	<u>441,124</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		162		162
Leisure Time Activities		35,825	11,377	47,202
Basic Utility Services	1,500			1,500
Transportation		70,092		70,092
General Government	152,178	15,377	10	167,565
Capital Outlay		37,661	15,418	53,079
<i>Total Cash Disbursements</i>	<u>153,678</u>	<u>159,117</u>	<u>26,805</u>	<u>339,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,770</u>	<u>(77,538)</u>	<u>139,292</u>	<u>101,524</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		30,000	10,000	40,000
Transfers Out	(50,000)			(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>30,000</u>	<u>10,000</u>	<u>(10,000)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,230)</u>	<u>(47,538)</u>	<u>149,292</u>	<u>91,524</u>
<i>Fund Cash Balances, January 1</i>	<u>133,449</u>	<u>167,814</u>	<u>46,511</u>	<u>347,774</u>
<i>Fund Cash Balances, December 31</i>	<u>\$123,219</u>	<u>\$120,276</u>	<u>\$195,803</u>	<u>\$439,298</u>

See accompanying notes to the basic financial statements

**Village of Mount Blanchard**  
*Hancock County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2023*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$233,151
<b>Operating Cash Disbursements</b>	
Personal Services	56,392
Employee Fringe Benefits	8,755
Contractual Services	40,946
Supplies and Materials	43,064
<i>Total Operating Cash Disbursements</i>	149,157
<i>Operating Income</i>	83,994
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	34,000
Special Assessments	2,586
Miscellaneous Receipts	425
Capital Outlay	(51,308)
Principal Retirement	(54,883)
Interest and Other Fiscal Charges	(30,310)
<i>Total Non-Operating Receipts (Disbursements)</i>	(99,490)
<i>Loss before Transfers</i>	(15,496)
Transfers In	10,000
<i>Net Change in Fund Cash Balances</i>	(5,496)
<i>Fund Cash Balances, January 1</i>	190,108
<i>Fund Cash Balances, December 31</i>	\$184,612

*See accompanying notes to the basic financial statements*

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Mount Blanchard, Hancock County, Ohio (the Village) 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 and sewer utilities and park operations. Fire protection services are provided to the Village by Delaware Township.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Pool Fund*** The pool fund accounts for and reports charges for services that are restricted for the operation of the Village's pool.

***American Rescue Plan Act Fund*** The American rescue plan act fund accounts for resources received from the federal government under the American Rescue Plan Act Program restricted for costs associated with the Village's response and recovery from the COVID-19 pandemic.

***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 Funds:

***Park Grant Fund*** The park grant fund accounts for grants restricted for the construction, maintenance, and repair of the parks.

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Pool Replacement Fund** The pool replacement fund accounts for grants restricted for the construction, maintenance, and repair of the Village's pool.

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

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

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***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.

***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.

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**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.

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

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

**Note 3 – Budgetary Activity**

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$168,205	\$193,448	\$25,243
Special Revenue	99,383	111,579	12,196
Capital Projects	21,500	176,097	154,597
Enterprise	229,000	280,162	51,162
<b>Total</b>	<b>\$518,088</b>	<b>\$761,286</b>	<b>\$243,198</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,043	\$214,038	\$57,005
Special Revenue	230,665	161,133	69,532
Capital Projects	32,687	26,805	5,882
Enterprise	314,451	287,774	26,677
<b>Total</b>	<b>\$848,846</b>	<b>\$689,750</b>	<b>\$159,096</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:

	2023
<b>Cash Management Pool:</b>	
Demand deposits	\$623,910

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$3,793 in unremitted employee payroll withholdings.

**Deposits**

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**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 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**

***Risk Pool Membership***

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.

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.

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

Assets	\$ 23,113,696
Liabilities	( 16,078,587)
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.

***Social Security***

Other 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.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. 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. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Debt**

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

	Principal	Interest Rate
Ohio Water Development Authority Loan #9780	\$546,965	3.39%
Ohio Water Development Authority Loan #4947	305,667	1.50%
Ohio Water Development Authority Loan #6612	331,630	2.00%
Ohio Public Works Commission Loan #CM24N	104,733	0.00%
Total	<u>\$1,288,995</u>	



**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

The Ohio Water Development Authority (OWDA) loan #9780 relates to the installation of a sanitary sewer system project the Ohio Environmental Protection Agency mandated for the Village. In 2022, the OWDA financed \$567,505 to the Village at an interest rate of 3.39%. The Village will repay the loan in semiannual installments of \$19,641, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4947 relates to the planning of a sanitary sewer system project the Ohio Environmental Protection Agency mandated. The OWDA financed \$505,370 in loans and capitalized interest to the Village for this project at an interest rate of 1.5%. The Village will repay the loan in semiannual installments of \$10,491, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6612 was entered into for the new water tower and distribution system improvements. The OWDA will finance up to \$436,454 to the Village for this project at an interest rate of 2%. The Village will repay the loan in semiannual installments of \$9,709, including interest, over 30 years. Water tower receipts will collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CM24N relates to the water meter installation project. The OPWC financed \$165,367 in loan to the Village for this project with no interest. The Village will repay the loan in semiannual installments of \$2,756 over 30 years.

**Amortization**

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

Year Ending December 31:	OWDA Loan #9780	OWDA Loan #4947	OWDA Loan #6612	OPWC Loan #CM24N
2024	\$39,282	\$20,981	\$19,417	\$5,512
2025	39,282	20,981	19,417	5,512
2026	39,282	20,981	19,417	5,512
2027	39,282	20,981	19,417	5,512
2028	39,282	20,981	19,417	5,513
2029-2033	196,411	104,907	97,087	27,561
2034-2038	196,411	104,907	97,087	27,561
2039-2043	157,129	31,472	97,087	22,050
2044			19,417	
Total	\$746,361	\$346,191	\$407,763	\$104,733

**Note 10 – Contingent Liabilities**

The Village is defendant in a lawsuit as of December 31, 2023. The lawsuit was decided in the favor of the Village in January of 2024.

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$10,360</u>	<u>\$2,016</u>	<u>\$12,376</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds 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 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$39,096	\$10,784		\$49,880
Municipal Income Tax	86,435			86,435
Intergovernmental	51,092	58,455	\$11,377	120,924
Special Assessments		120	452	572
Charges for Services		26,335		26,335
Fines, Licenses and Permits	285			285
Earnings on Investments	748	73		821
Miscellaneous	13,154	632	810	14,596
<i>Total Cash Receipts</i>	<u>190,810</u>	<u>96,399</u>	<u>12,639</u>	<u>299,848</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		193		193
Leisure Time Activities		50,054	6,897	56,951
Basic Utility Services	1,500			1,500
Transportation		38,133		38,133
General Government	160,764	2,370		163,134
Capital Outlay		12,820	3,661	16,481
<i>Total Cash Disbursements</i>	<u>162,264</u>	<u>103,570</u>	<u>10,558</u>	<u>276,392</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,546</u>	<u>(7,171)</u>	<u>2,081</u>	<u>23,456</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		19,000	10,000	29,000
Transfers Out	(29,000)			(29,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,000)</u>	<u>19,000</u>	<u>10,000</u>	
<i>Net Change in Fund Cash Balances</i>	(454)	11,829	12,081	23,456
<i>Fund Cash Balances, January 1</i>	<u>133,903</u>	<u>155,985</u>	<u>34,430</u>	<u>324,318</u>
<i>Fund Cash Balances, December 31</i>	<u>\$133,449</u>	<u>\$167,814</u>	<u>\$46,511</u>	<u>\$347,774</u>

See accompanying notes to the basic financial statements

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

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$226,224
<b>Operating Cash Disbursements</b>	
Personal Services	50,258
Employee Fringe Benefits	7,251
Contractual Services	32,504
Supplies and Materials	11,231
<i>Total Operating Cash Disbursements</i>	101,244
<i>Operating Income</i>	124,980
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	3,710
Loans Issued	567,505
Capital Outlay	(2,800)
Principal Retirement	(1,029,832)
Interest and Other Fiscal Charges	(60,568)
Other Financing Uses	(3,449)
<i>Total Non-Operating Receipts (Disbursements)</i>	(525,434)
<i>Net Change in Fund Cash Balances</i>	(400,454)
<i>Fund Cash Balances, January 1</i>	590,562
<i>Fund Cash Balances, December 31</i>	\$190,108

*See accompanying notes to the basic financial statements*

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Mount Blanchard, Hancock County, Ohio (the Village) 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 and sewer utilities and park operations. Fire protection services are provided to the Village by Delaware Township.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Pool Fund*** The pool fund accounts for and reports charges for services that are restricted for the operation of the Village's pool.

***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:

***Park Grant Fund*** The park grant fund accounts for grants restricted for the construction, maintenance, and repair of the parks.

***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:

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Enterprise Improvement Sewer Separation Fund** The enterprise improvement sewer separation fund accounts for funds to pay off ongoing sewer debt and remain compliant with loan covenants.

***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.

***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.

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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.

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

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

**Note 3 – Budgetary Activity**

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,234	\$190,810	\$31,576
Special Revenue	142,166	115,399	(26,767)
Capital Projects	21,810	22,639	829
Enterprise	790,302	797,439	7,137
<b>Total</b>	<b>\$1,113,512</b>	<b>\$1,126,287</b>	<b>\$12,775</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$219,270	\$192,737	\$26,533
Special Revenue	222,002	104,643	117,359
Capital Projects	44,411	10,558	33,853
Enterprise	1,256,765	1,200,494	56,271
<b>Total</b>	<b>\$1,742,448</b>	<b>\$1,508,432</b>	<b>\$234,016</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:

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$337,579
Certificates of deposit	200,303
Total carrying amount of deposits held in the Pool	\$537,882

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$3,426 in unremitted employee payroll withholdings.

**Deposits**

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



**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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 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**

***Risk Pool Membership***

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

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

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

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

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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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.

***Social Security***

Other 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**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. 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. 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.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #9780	\$567,505	3.39%
Ohio Water Development Authority Loan #4947	321,881	1.50%
Ohio Water Development Authority Loan #6612	344,225	2.00%
Ohio Public Works Commission Loan #CM24N	110,245	0.00%
Total	<u><u>\$1,343,856</u></u>	

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

The Wastewater Treatment Plant and Collection System Mortgage Revenue bonds were entered into for the purpose of financing the installation of a sanitary sewer system project the Ohio Environmental Protection Agency mandated for the Village in 2010. The debt has 4.125% interest rate and was scheduled to be paid in full in 2050. Sewer receipts collateralize the bond. The Village has agreed to set up utility rates sufficient to cover USDA debt service requirements. In 2022, the Village refinanced the USDA loan with Ohio Water Development Authority (OWDA) loan #9780 for \$567,505 at 3.39% interest. The Village will repay the loan in semiannual installments of \$19,641, including interest, over 20 years.

The Ohio Water Development Authority (OWDA) loan #4947 relates to the planning of a sanitary sewer system project the Ohio Environmental Protection Agency mandated. The OWDA financed \$505,370 in loans and capitalized interest to the Village for this project at an interest rate of 1.5%. The Village will repay the loan in semiannual installments of \$10,491, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6612 was entered into for the new water tower and distribution system improvements. The OWDA will finance up to \$436,454 to the Village for this project at an interest rate of 2%. The Village will repay the loan in semiannual installments of \$9,709, including interest, over 30 years. Water tower receipts will collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CM24N relates to the water meter installation project. The OPWC financed \$165,367 in loan to the Village for this project with no interest. The Village will repay the loan in semiannual installments of \$2,756 over 30 years.

**Amortization**

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

Year Ending December 31:	OWDA Loan #9780	OWDA Loan #4947	OWDA Loan #6612	OPWC Loan #CM24N
2023	\$39,282	\$20,981	\$19,417	\$5,512
2024	39,282	20,981	19,417	5,512
2025	39,282	20,981	19,417	5,512
2026	39,282	20,981	19,417	5,512
2027	39,282	20,981	19,417	5,512
2028-2032	196,411	104,907	97,087	27,562
2033-2037	196,411	104,907	97,087	27,561
2038-2042	196,411	52,453	97,087	27,562
2043-2044			38,835	
Total	<u>\$785,643</u>	<u>\$367,172</u>	<u>\$427,181</u>	<u>\$110,245</u>

**Note 10 – Contingent Liabilities**

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

**Village of Mount Blanchard, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$1,473</u>	<u>\$1,073</u>	<u>\$2,546</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds 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 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

# 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 Mount Blanchard  
Hancock County  
103 East Clay Street, P.O. Box 333  
Mount Blanchard, Ohio 45867-0333

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Mount Blanchard, Hancock County, Ohio (the Village) and have issued our report thereon dated December 2, 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 a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 2, 2024

VILLAGE OF MOUNT BLANCHARD  
HANCOCK 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.

In 2022, the Village obtained a loan with the Ohio Water Development Authority (OWDA) to refinance a loan with the United States Department of Agriculture, but did not record the on behalf of activity for the OWDA loan. The Village did not record the loan proceeds of \$567,505, principal retirement of \$556,651, interest and fiscal charges of \$7,405, and other financing uses of \$3,449 in the Sewer Operating Fund. In addition, the Village failed to record the appropriations in the same amount in the accounting records and Budgetary Activity note to the financial statements.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified a misstatement in the amount of \$3,089 that we have brought to the Village's attention.

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

**Officials' Response:**

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

**Village of Mount Blanchard  
Hancock County  
103 East Clay Street  
P.O. Box 333  
Mount Blanchard, Ohio 45867-0333**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Material weakness for financial reporting due to material audit adjustments. This issue was first reported in the 2005-2006 audit.	Not corrected and repeated as finding 2023-001 in this report.	The Fiscal Officer did not make the correction after prior audit but will review the errors and the proper procedures and make corrections in the future.
2021-002	Noncompliance with Ohio Rev. Code § 5705.10(D) and material weakness due to the posting of revenues to the wrong fund. This issue was first reported in the 2012-2013 audit.	Fully corrected	



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOUNT BLANCHARD**

**HANCOCK COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/17/2024**

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)