



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MOUNT ORAB
BROWN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Mount Orab
Brown County
211 South High St.
Mt. Orab, Ohio 45154

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 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
April 29, 2024

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Village of Mount Orab, Ohio

Brown County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$39,610	\$463,529	\$0	\$0	\$503,139
Municipal Income Tax	1,732,433	508,546	0	0	2,240,979
Intergovernmental	81,125	706,160	38,433	0	825,718
Special Assessments	0	0	44,142	0	44,142
Charges for Services	216	1,112,987	0	11,992	1,125,195
Fines, Licenses and Permits	380,972	84,280	0	20,712	485,964
Earnings on Investments	69,384	1,057	0	0	70,441
Miscellaneous	7,385	1,221,613	0	0	1,228,998
<i>Total Cash Receipts</i>	<u>2,311,125</u>	<u>4,098,172</u>	<u>82,575</u>	<u>32,704</u>	<u>6,524,576</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,330,323	2,063,242	0	1,597	3,395,162
Public Health Services	9,928	62,479	0	0	72,407
Leisure Time Activities	10,974	56,534	0	0	67,508
Community Environment	90,226	0	0	0	90,226
Basic Utility Services	0	0	0	69,600	69,600
Transportation	175,720	331,939	17,120	0	524,779
General Government	333,212	251,462	1,284	0	585,958
Capital Outlay	0	0	0	28,313	28,313
Debt Service:					
Principal Retirement	62,218	143,921	2,490,955	0	2,697,094
Interest and Fiscal Charges	6,337	36,972	296,220	0	339,529
<i>Total Cash Disbursements</i>	<u>2,018,938</u>	<u>2,946,549</u>	<u>2,805,579</u>	<u>99,510</u>	<u>7,870,576</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>292,187</u>	<u>1,151,623</u>	<u>(2,723,004)</u>	<u>(66,806)</u>	<u>(1,346,000)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	0	0	563,999	0	563,999
Sale of Refunding Bonds	0	0	1,240,000	0	1,240,000
Sale of Notes	0	0	200,000	0	200,000
Loans Issued	0	0	9,250	69,600	78,850
Sale of Capital Assets	400	1,341	0	0	1,741
Transfers In	0	76,543	732,333	50,400	859,276
Transfers Out	(52,543)	(501,933)	0	0	(554,476)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(52,143)</u>	<u>(424,049)</u>	<u>2,745,582</u>	<u>120,000</u>	<u>2,389,390</u>
Special Item	17,256	0	0	0	17,256
<i>Net Change in Fund Cash Balances</i>	257,300	727,574	22,578	53,194	1,060,646
<i>Fund Cash Balances, January 1</i>	<u>711,097</u>	<u>1,811,810</u>	<u>400,917</u>	<u>192,922</u>	<u>3,116,746</u>
<i>Fund Cash Balances, December 31</i>	<u>\$968,397</u>	<u>\$2,539,384</u>	<u>\$423,495</u>	<u>\$246,116</u>	<u>\$4,177,392</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types		Combined Total
	Enterprise	Internal Service	
Operating Cash Receipts			
Charges for Services	\$3,518,993	\$0	\$3,518,993
Fines, Licenses and Permits	2,400	0	2,400
<i>Total Operating Cash Receipts</i>	<u>3,521,393</u>	<u>0</u>	<u>3,521,393</u>
Operating Cash Disbursements			
Personal Services	467,203	0	467,203
Employee Fringe Benefits	188,952	18,455	207,407
Contractual Services	1,377,982	0	1,377,982
Supplies and Materials	201,411	0	201,411
<i>Total Operating Cash Disbursements</i>	<u>2,235,548</u>	<u>18,455</u>	<u>2,254,003</u>
<i>Operating Income (Loss)</i>	<u>1,285,845</u>	<u>(18,455)</u>	<u>1,267,390</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	472	0	472
Earnings on Investments (proprietary funds only)	105	0	105
Miscellaneous Receipts	8,751	3,718	12,469
Capital Outlay	(306,618)	0	(306,618)
Principal Retirement	(346,421)	0	(346,421)
Interest and Other Fiscal Charges	(82,415)	0	(82,415)
Other Financing Sources	500	0	500
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(725,626)</u>	<u>3,718</u>	<u>(721,908)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	560,219	(14,737)	545,482
Transfers In	143,400	0	143,400
Transfers Out	(448,200)	0	(448,200)
<i>Net Change in Fund Cash Balances</i>	255,419	(14,737)	240,682
<i>Fund Cash Balances, January 1</i>	<u>1,059,868</u>	<u>171,739</u>	<u>1,231,607</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,315,287</u>	<u>\$157,002</u>	<u>\$1,472,289</u>

See accompanying notes to the basic financial statements

Village of Mount Orab, Ohio
Brown County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

	Fiduciary Fund Types
	Custodial
	Mayor's Court
Additions	
Other Amounts Collected for Distribution	461,535
<i>Total Additions</i>	461,535
Deductions	
Other Distributions	472,186
<i>Total Deductions</i>	472,186
<i>Net Change in Fund Balances</i>	(10,651)
<i>Fund Cash Balances, January 1</i>	33,788
<i>Fund Cash Balances, December 31</i>	\$23,137

See accompanying notes to the basic financial statements

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Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Mount Orab (the Village), Brown County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, fire and EMS services, water and sewer utilities, garbage services, park operations, street maintenance, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except the financial statements do not include debt service funds external custodians maintain. Note 9 to the financial statement describes these assets.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Police Levy Fund This fund receives property tax money to pay for Village's expenses for police protection.

Fire Levy Fund This fund receives property tax money to pay for Village's expenses for fire and EMS services.

Fire/EMS Income Tax Fund This fund receives income tax revenue to pay for Village's expenses for fire and EMS services.

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

TIF District 4-40 Fund This fund receives proceeds from 30 year tax incremental funding agreements. The Village retains 80 percent for debt services/infrastructure improvements and 20 percent is paid to other taxing entities.

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

Tax Increment Revenue Bond Fund The fund is making payments of principal and interest on bonds and received bond proceeds to fund infrastructure and safety projects within the tax incremental funding district of the Village.

TIF Infrastructure Bond Fund The fund is for making payment of principal and interest on bonds and received bond proceeds for funding ongoing infrastructure projects with the tax incremental funding districts of the Village.

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:

WWTP Phase II OWDA Fund This fund receives debt proceeds from the Ohio Water Development Agency for funding of the sewer plant upgrade.

Special Obligation Revenue Note Series 2020 Fund This fund receives debt proceeds for funding street repairs, park renovations and land acquisition for parking.

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.

Waste Collection Operating Fund This fund receives charges for services from residents to cover the cost of providing waste collection services.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Health Reimbursement Fund This fund is used to account for the cost associated with the employees health insurance plan for the Village.

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for:

Mayors Court Fund – This fund receives fines and forfeitures collected by Mayor's Court which are distributed to the Village and State.

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund function 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 Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 Mount Orab, Ohio
Brown 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 13.

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,256,455	\$2,328,782	\$72,327
Special Revenue	4,127,967	4,176,058	48,091
Debt Service	2,818,907	2,828,157	9,250
Capital Projects	151,500	152,704	1,204
Enterprise	3,611,620	3,674,623	63,003
Internal Service	3,718	3,718	0
Total	<u>\$12,970,167</u>	<u>\$13,164,042</u>	<u>\$193,875</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,403,894	\$2,110,638	\$293,256
Special Revenue	4,961,457	3,470,957	1,490,500
Debt Service	2,869,785	2,805,578	64,207
Capital Projects	328,555	99,510	229,045
Enterprise	4,421,835	3,597,817	824,018
Internal Service	74,284	18,456	55,828
Total	<u>\$15,059,810</u>	<u>\$12,102,956</u>	<u>\$2,956,854</u>

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$406,072
Certificates of deposit	1,394,000
Total deposits	1,800,072
U.S. Treasury Notes	
STAR Ohio	3,090,306
Commercial Paper	782,441
Total investments	3,872,747
Total Deposits and Investments	\$5,672,819

The Village also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements. The deposits were reserve requirements on the Water Revenue Series 2010 Bonds. These deposits are now assigned to the OWDA Bond refinance which does not require such reserve accounts.

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 \$15,462 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.

Investments

A financial institution’s trust department holds the Village’s equity securities in book-entry form in the Village’s name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

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

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

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

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. At the November 6, 2018 general election, Village residents approved an additional .35 percent earnings tax to provide EMS/Fire services. Village residents that own their own home within the Village will receive a credit of .35 percent earnings tax in lieu of property tax paid to support EMS/Fire services.

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

Workers' Compensation

The Village participated in a group rating program with the Ohio Association of Public Treasurers with other Villages. Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Wrongful Acts
- Excess Liability
- EDP
- Property, Automobile, Inland Marine and Crime

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 14 percent of their gross salaries, and the Village contributed an amount equaling 10 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 Fire Fighters and 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 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

The part time Fire/EMS 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, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan.

Village of Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$ 24,016	0.00%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$ 35,974	0.00%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$ 259,849	2.00%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$ 811,855	0.00%
2009 OPWC Apple Street Expansion Loan #C026M	\$ 185,000	0.00%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$ 166,100	0.00%
2010 Taxable Fire Station Bonds RZEDB	\$ 1,225,000	6.125-7.25%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$ 244,947	0.00%
2010 Water Refunding Bonds (Refi with OWDA 2023)	\$ 1,010,000	1.0-5.2%
2011 OWDA Water System Improv Phase I (Open) #5877	\$ 69,468	2.00%
2012 OPWC Main Street West Improv #C012P	\$ 255,387	0.00%
2014 OPWC Brooks-Malott Improv #C016Q	\$ 59,277	0.00%
2014 WWTP Improvement Phase I #CT57R	\$ 148,750	0.00%
2014 Sewer System Improvements General Obligation Bonds	\$ 240,625	3.25%
2015 OWDA Sanitary Sewer Rehab #6894	\$427,409	0.00%
2015 OPWC East Main Street Improv #C020S	\$293,241	2.25%
2016 Tax Increment Revenue Bonds	\$1,530,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,502,592	0-.75%
2016 OWDA WWTP Improv Phase I #7289	\$73,318	2.90%
2017 Fire Equipment Bonds Series 2017	\$12,500	3.00%
2019 OWDA #8274 Water Main Extension	\$371,760	3.04%
2019 OWDA #8197 Sewer Design Phase II	\$347,531	3.30%
2019 OWDA #8197 Sewer Design Phase II	\$117,589	2.23%
2019 OWDA #8197 Sewer Design Phase II	\$34,705	1.91%
2020 OWDA #8869 Elevated Tank Maint & Repair	\$171,649	1.86%
2021 Brown Co OPWC Proj	\$314,342	0.00%
2022 Various Purpose Bonds	\$1,150,000	3.75%
2022 Kroger Rd Improv Assessment	\$556,000	3.60%
2022 Street Improv GO Bonds	\$200,000	3.75%
Total	<u>\$12,838,884</u>	

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The 2002 OPWC Reservoir Loan #C020D relates to the creation of a water reservoir. The OPWC loaned the Village \$300,000 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of July 1, 2022. This Loan was paid off in 2022.

The 2003 OPWC Phase I High Street Improvement Loan #C020G relates to a street improvement project within the Village. The OPWC loaned the Village \$240,162 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2024.

The 2004 OPWC Phase 2 High Street Improvement Loan #C020H relates to a street improvement project within the Village. The OPWC loaned the Village \$239,830 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2025.

The 2004 Ohio Water Development Authority (OWDA) Water Treatment Plant Upgrade Loan #4078 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$1,757,942 with interest at 2% to the Village on this project. The Village will repay the loan in semiannual installments of \$53,539 including interest, over 20 years and payments began on July 1, 2005, with the final payment due January 1, 2025.

The 2007 OWDA Phase I Pump Station Waste Water Treatment Plant Improvement Loan #4785 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$2,952,202 to the Village for this project. The Village will repay the remaining loan balance loan in semiannual installments of \$73,805 through January 2028.

The 2009 OPWC Apple Street Expansion Loan #C026M relates to a street improvement project within the Village. The OPWC has approved a \$300,000 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$5,000 over 30 years. Payments began on January 1, 2011, with the final payment due July 1, 2040.

The 2010 OPWC Commercial & Industrial Access Road Phase I Loan #C014N relates to a street improvement project within the Village. The OPWC has approved a \$262,263 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$4,371 over 30 years. Payments began on July 1, 2011, with the final payment due July 1, 2041.

The 2010 Taxable Fire Station Recovery Zone Bonds were used to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2035. These bonds contain an annual federal reimbursement subsidy applicable to interest costs over the life of these bonds.

The 2010 OPWC Commission & Industrial Access Road Phase II Loan #C019O relates to Phase II of a street improvement project within the Village. The OPWC has approved a \$376,841 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,281 over 30 years. Payments began on July 1, 2012, with the final payment due January 1, 2042.

The 2010 Water Refunding Bonds were used to advance refund \$820,000 of the 2002 First Mortgage Waterworks System Revenue bonds, retire a \$807,000 Water Purchase Rights Note and provide additional funding for improvements to the Village's waterworks system, The Bonds were issued in a total amount of \$2,120,000 and are payable in varying amounts through 2030. The Village has agreed to various bond covenants, including establishing Reserve Accounts with a Bond Trustee, and to set utility rates sufficient

Village of Mount Orab, Ohio
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For the Year Ended December 31, 2022

to maintain net income at 125% of a maximum annual debt service requirement. These bonds are being refinanced with OWDA and will be finalized in January 2023 upon proper notification to current bond holders.

The 2011 Various Purpose Bonds were issued to construct a new Village Fire Station, Sewer Improvements, Park Construction and Street Repair. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2034. The Bonds were currently yielding at a 5.125% rate and were refinanced in 2022 at \$1,150,000 at a rate of 3.75%. These Bonds were refinanced with the 2022 Various Purpose Bonds.

The 2011 OWDA Water System Improvement Phase I Loan #5877 relates to a water system improvement project within the Village. The OWDA has approved a \$139,098.75 loan at 2.0% interest to the Village. The loan payments began January 1, 2012 and paid off July 1, 2031.

The 2012 OPWC Main Street West Improvements Loan #C012P relates to a street improvement project within the Village. The OWDA has approved a \$373,737 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,229 over 30 years. Payments begin on January 1, 2013, with the final payment due July 1, 2042.

The 2014 OPWC Brooks Malott Loan #C016Q relates to a road improvement project within the Village. The OPWC has approved a \$100,000 interest free loan to the Village. The amortization payments began July 1, 2015 and requires annual payments of \$2,577.26 annually until paid off January 1, 2045.

The 2014 OPWC WWTP Improvement Phase I Loan #CT57R relates to a sewer plant improvement project within the Village. The OPWC loan was authorized for \$175,000 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$5,833.33.

The 2014 Sewer System Improvement Bonds were issued to construct improvements to the Village's sewer system. The Bonds were issued in a total amount of \$385,000 and are payable in varying amounts through June 15, 2035. Annual principal payments are \$19,250.00 with a 3.25% interest rate.

The 2015 OWDA Sanitary Sewer Rehab Loan #6894 relates to improvement in the sewer system within the Village. The OWDA loan was authorized for \$661,562.90 at 0% interest. The payment schedule started January 1, 2016 with annual payments of \$33,078.14 through July 1, 2035.

The 2015 OPWC East Main Street Improvement Loan #C020S relates to a road improvement project within the Village. The OPWC loan was authorized for \$360,441.82 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$12,218.36.

The Tax Increment Revenue Bonds Series 2016 was a consolidation of various tax increment revenue notes issued to finance public infrastructure improvements. The Bonds were issued on April 5, 2016 in the amount of \$2,440,000 and are payable in varying amounts through 2031 at a 2.9% interest rate.

The 2016 OWDA Wastewater Treatment Plant Loan #7289 is a combination of two loans and relates to an upgrade in the sewer plant within the Village. The first #7289 loan is a \$3,003,069.85 principal at a .75% interest rate with a July 1, 2017 through January 1, 2047 payment schedule. The second OWDA WWTP Improvement Phase I loan #7289 is a \$380,814 principal at a 2.75% interest rate with the same July 1, 2017 through January 1, 2047 payment schedule. The 2.75% OWDA loan beginning balance has been reduced

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Notes to the Financial Statements
For the Year Ended December 31, 2022

down from \$89,271.70 to \$68,504.27 due to principal adjustment for cost changes as well as previous year overpayments from OWDA billings, however capitalized interest is accumulating until this loan is finalized and the current outstanding balance is \$73,318.

The 2017 Fire Equipment Bonds were issued to purchase Village fire equipment. The Bonds were issued in the total amount of \$150,000 and are payable in \$12,500 increments on June 1st and December 1st beginning December 1, 2017 at a 3% interest rate with final payment in 2023.

The 2019 OWDA Water Main Extension Loan #8274 related to the extension of water to the Village service area. The OWDA loan was authorized for \$392,654.50 at 3.04%. The payment schedule started July 1, 2020 through January 1, 2050. The OWDA loan #8274 has been adjusted down from a beginning balance in 2021 \$2,200.15 due to overbilling and principal adjustment for cost charges.

The 2019 OWDA WWTP Improvements Phase 2 Design Loan #8197 is a combination of three loans and relates to designing upgrades in the sewer plant within the Village. The first #8197 loan was authorized for \$408,789.48 at a rate of 3.33% starting January 1, 2020 and a balloon payment due July 1, 2024. The second #8197 loan was authorized for \$133,632.16 at a rate of 2.23% starting July 1, 2020 and a balloon payment due July 1, 2024. The third #8197 loan was authorized for \$59,422.69 at a rate of 1.91% starting January 1, 2022 and a balloon payment due July 1, 2024. The OWDA #8197 loans were adjusted slightly due to capitalized interest corrected at the beginning of 2021.

The 2019 Street Improvement Note was a one year note renewable for street and parking lot improvements within the Village. The loan was authorized for \$250,000 and was renewed again in 2021 at a rate of 2.5%. The note was rolled into bonds in 2022 at a principal of \$200,000 and 3.75% interest rate with final payment in 2026.

The 2020 OWDA Elevated Tank Maintenance and Repair Loan #8869 relates to painting and repair of existing elevated water storage tanks. The loan was authorized for \$206,834.91 at 1.86%. The payment schedule starts January 1, 2021 through July 1, 2050. We have adjusted the beginning balance of Loan #8869 from \$206,834.91 to \$108,082.11 due to contingencies and other contractual services not expended on the project. The loan has not been closed to allow flexibility in the use of the remaining funds. If the funds are committed in 2022 the loan balance will be adjusted accordingly.

The 2020 Special Obligation Revenue Bond Anticipation note was established to assist in improvement to Sterling Run to coincide with the State of Ohio improvements to North High Street. The initial note is for \$400,00 at 2.25% with authorization to increase to \$564,000 once construction begins. The notes will be converted to bonds at the end of the project and will be financed with tax assessments to the properties that receive benefit from the construction. The 2022 Kroger Road Improvement Assessment Bonds replace this note.

The 2021 Brown County OPWC Joint Road Project relates to a joint road project administered and fiscal agent provided by Brown County. The Village portion of the project is \$362,702.10 beginning in 2021 with semiannual payment for 15 years in the amount of \$12,090.07.

The 2022 Various Purpose Bonds was a refinancing issue to replace the 2011 Various Bonds which were issued to construct a new Village Fire Station, Sewer Improvements, Park Construction and Street Repair. The refinancing issue was placed in the amount of \$1,150,000 at a rate of 3.75% with final payment in 2034.

Village of Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

The 2022 Kroger Road Improvement Assessment Bonds was issued to replace the 2020 Special Obligation Revenue Bond Anticipation Notes along with construction completion cost on the Sterling Run project. The Bonds were issued in 2022 in the amount of \$564,000 at an interest rate of 3.6% with final payment in 2046.

The 2022 Street Improvement General Obligation Bonds replace the Street Improvement Notes originally issued in 2019 in the amount of \$250,000. The Bonds were issued for \$200,000 with a principal payment of \$50,000 occurring in 2022. The Bonds carry an interest rate of 3.75% and the final payment occurs in 2026.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loan	General Obligation Bonds	Recovery Zone Bonds	Revenue Bonds
2023	\$112,570	\$464,111	\$330,952	\$156,281	\$203,575
2024	112,570	907,704	323,508	156,994	198,430
2025	100,562	382,456	303,166	157,400	208,575
2026	88,570	328,917	328,083	152,500	213,285
2027	88,570	328,917	321,209	725,425	218,140
2028-2032	442,852	971,866	1,123,031	551,638	921,110
2033-2037	394,492	798,415	314,465	-	-
2038-2042	291,929	699,782	-	-	-

Debt Service Trust Accounts

The 2010 Water Refunding Bonds trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2021, the funds were submitted in the OWDA refunding which will be finalized in January 2023. The accompanying financial statements do not include these assets or the related receipts and disbursements.

Note 10 – Contingent Liabilities

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

Note 11 – Public Entity Risk Pool

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

Village of Mount Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Related Organizations

The Southwest Ohio Regional Development Authority (the Port Authority) is a related organization of the Village of Mt. Orab. Although the Port Authority is legally separate from the Village, the Port Authority is accountable to the Village because the Village appoints the Port Authority’s board.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Total
Fund Balances						
Outstanding Encumbrances	39,156	22,474	0	178,613	0	240,243

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – 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 continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

During 2021, the Village received Coronavirus Local Fiscal Recovery funding in the amount of \$180,381. The Village received an additional \$181,821 of Coronavirus Local Fiscal Recovery funding in 2022.

Village of Mount Orab, Ohio*Brown County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$35,113	\$455,005	\$0	\$0	\$490,118
Municipal Income Tax	1,584,867	453,933	0	0	2,038,800
Intergovernmental	68,324	478,907	45,346	0	592,577
Charges for Services	2,252	982,649	0	9,182	994,083
Fines, Licenses and Permits	353,641	25,698	0	17,282	396,621
Earnings on Investments	14,734	265	0	0	14,999
Miscellaneous	4,875	1,030,580	0	0	1,035,455
<i>Total Cash Receipts</i>	<u>2,063,806</u>	<u>3,427,037</u>	<u>45,346</u>	<u>26,464</u>	<u>5,562,653</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,299,313	1,638,198	0	4,125	2,941,636
Public Health Services	10,063	55,576	0	0	65,639
Leisure Time Activities	17,530	64,286	0	0	81,816
Community Environment	32,750	0	0	0	32,750
Basic Utility Services	0	0	0	188,023	188,023
Transportation	142,177	437,791	16,310	145,348	741,626
General Government	293,831	212,135	0	0	505,966
Capital Outlay	0	0	0	9,622	9,622
Debt Service:					
Principal Retirement	12,218	144,212	922,197	0	1,078,627
Interest and Fiscal Charges	0	34,451	231,522	13,975	279,948
<i>Total Cash Disbursements</i>	<u>1,807,882</u>	<u>2,586,649</u>	<u>1,170,029</u>	<u>361,093</u>	<u>5,925,653</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>255,924</u>	<u>840,388</u>	<u>(1,124,683)</u>	<u>(334,629)</u>	<u>(363,000)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	0	0	400,000	140,380	540,380
Loans Issued	0	0	0	188,023	188,023
Sale of Capital Assets	8,000	16,248	0	1,873	26,121
Transfers In	0	36,000	730,800	50,400	817,200
Transfers Out	(12,000)	(500,400)	0	0	(512,400)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,000)</u>	<u>(448,152)</u>	<u>1,130,800</u>	<u>380,676</u>	<u>1,059,324</u>
Special Item	8,548	0	0	0	8,548
Extraordinary Item	388	0	0	0	388
<i>Net Change in Fund Cash Balances</i>	<u>260,860</u>	<u>392,236</u>	<u>6,117</u>	<u>46,047</u>	<u>705,260</u>
<i>Fund Cash Balances, January 1</i>	<u>450,237</u>	<u>1,419,573</u>	<u>394,800</u>	<u>146,875</u>	<u>2,411,485</u>
<i>Fund Cash Balances, December 31</i>	<u>\$711,097</u>	<u>\$1,811,809</u>	<u>\$400,917</u>	<u>\$192,922</u>	<u>\$3,116,745</u>

See accompanying notes to the basic financial statements

Village of Mount Orab, Ohio*Brown County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary Fund Types**For the Year Ended December 31, 2021*

	Proprietary Fund Types		
	Enterprise	Internal Service	Combined Total
Operating Cash Receipts			
Charges for Services	\$3,467,572	\$0	\$3,467,572
Fines, Licenses and Permits	2,400	0	2,400
<i>Total Operating Cash Receipts</i>	<u>3,469,972</u>	<u>0</u>	<u>3,469,972</u>
Operating Cash Disbursements			
Personal Services	477,278	0	477,278
Employee Fringe Benefits	213,270	8,326	221,596
Contractual Services	1,307,978	0	1,307,978
Supplies and Materials	238,280	0	238,280
<i>Total Operating Cash Disbursements</i>	<u>2,236,806</u>	<u>8,326</u>	<u>2,245,132</u>
<i>Operating Income (Loss)</i>	<u>1,233,166</u>	<u>(8,326)</u>	<u>1,224,840</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	9	0	9
Miscellaneous Receipts	1,127	0	1,127
Capital Outlay	(239,080)	0	(239,080)
Principal Retirement	(353,037)	0	(353,037)
Interest and Other Fiscal Charges	(104,924)	0	(104,924)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(695,905)</u>	<u>0</u>	<u>(695,905)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	537,261	(8,326)	528,935
Transfers In	143,400	0	143,400
Transfers Out	(448,200)	0	(448,200)
<i>Net Change in Fund Cash Balances</i>	232,461	(8,326)	224,135
<i>Fund Cash Balances, January 1</i>	<u>827,410</u>	<u>180,065</u>	<u>1,007,475</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,059,871</u>	<u>\$171,739</u>	<u>\$1,231,610</u>

See accompanying notes to the basic financial statements

Village of Mount Orab, Ohio
Brown County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Mayor's Court</u>
Additions	
Other Amounts Collected for Distribution	<u>458,326</u>
<i>Total Additions</i>	<u>458,326</u>
Deductions	
Other Distributions	<u>440,220</u>
<i>Total Deductions</i>	<u>440,220</u>
<i>Net Change in Fund Balances</i>	18,106
<i>Fund Cash Balances, January 1</i>	<u>15,682</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$33,788</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Mount Orab (the Village), Brown County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, fire and EMS services, water and sewer utilities, garbage services, park operations, street maintenance, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except the financial statements do not include debt service funds external custodians maintain. Note 9 to the financial statement describes these assets.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Police Levy Fund This fund receives property tax money to pay for Village's expenses for police protection.

Fire Levy Fund This fund receives property tax money to pay for Village's expenses for fire and EMS services.

Fire/EMS Income Tax Fund This fund receives income tax revenue to pay for Village's expenses for fire and EMS services.

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

TIF District 4-40 Fund This fund receives proceeds from 30 year tax incremental funding agreements. The Village retains 80 percent for debt services/infrastructure improvements and 20 percent is paid to other taxing entities.

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

Tax Increment Revenue Bond Fund The fund is making payments of principal and interest on bonds and received bond proceeds to fund infrastructure and safety projects within the tax incremental funding district of the Village.

TIF Infrastructure Bond Fund The fund is for making payment of principal and interest on bonds and received bond proceeds for funding ongoing infrastructure projects with the tax incremental funding districts of the Village.

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:

WWTP Phase II OWDA Fund This fund receives debt proceeds from the Ohio Water Development Agency for funding of the sewer plant upgrade.

Special Obligation Revenue Note Series 2020 Fund This fund receives debt proceeds for funding street repairs, park renovations and land acquisition for parking.

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.

Waste Collection Operating Fund This fund receives charges for services from residents to cover the cost of providing waste collection services.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Health Reimbursement Fund This fund is used to account for the cost associated with the employees health insurance plan for the Village.

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for:

Mayors Court Fund – This fund receives fines and forfeitures collected by Mayor's Court which are distributed to the Village and State.

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund function 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 2021 budgetary activity appears in Note 3.

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

Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

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 13.

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,057,828	\$2,080,742	\$22,914
Special Revenue	3,470,060	3,479,285	9,225
Debt Service	1,170,946	1,176,146	5,200
Capital Projects	406,942	407,139	197
Enterprise	3,568,672	3,614,499	45,827
Total	\$10,674,448	\$10,757,811	\$83,363

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,165,594	\$1,838,910	\$326,684
Special Revenue	4,055,083	3,102,259	952,824
Debt Service	1,259,785	1,186,340	73,445
Capital Projects	532,724	361,093	171,631
Enterprise	3,964,032	3,540,532	423,500
Internal Service	70,000	12,610	57,390
Total	\$12,047,218	\$10,041,744	\$2,005,474

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

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$620,118
Certificates of deposit	442,007
Total deposits	1,062,125
STAR Ohio	3,084,256
Commercial Paper	235,762
Total investments	3,320,018
Total Deposits and Investments	\$4,382,143
 <i>Segregated Accounts - Not held in the Pool:</i>	
Debt Accounts (Related to Bond Indenture and Not held in Pool)	226,694

The Village also has accounts held outside of the deposit pool for monies held in accordance with debt agreements. The deposits are reserve requirements on the Water Revenue Series 2010 Bonds.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$14,211 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.

Investments

A financial institution’s trust department holds the Village’s equity securities in book-entry form in the Village’s name. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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

Note 5 – Taxes

Property Taxes

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

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

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

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. At the November 6, 2018 general election, Village residents approved an additional .35 percent earnings tax to provide EMS/Fire services. Village residents that own their own home within the Village will receive a credit of .35 percent earnings tax in lieu of property tax paid to support EMS/Fire services.

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

Workers' Compensation

The Village participated in a group rating program with the Ohio Association of Public Treasurers with other Villages. Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Wrongful Acts
- Excess Liability
- EDP
- Property, Automobile, Inland Marine and Crime

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

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, 2021.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and 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 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

The part time Fire/EMS 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, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
2002 OPWC Reservoir Loan #C020D	\$15,000	0%
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$36,024	0%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$47,966	0%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$360,222	2%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$959,466	0%
2009 OPWC Apple Street Expansion Loan #C026M	\$195,000	0%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$174,842	0%
2010 Taxable Fire Station Bonds RZEDB	\$1,295,000	6.125-7.25%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$257,508	0%
2010 Water Refunding Bonds (Refi with OWDA 2023)	\$1,133,750	1.0-5.2%
2011 Various Purpose Bonds	\$1,195,000	2.0-5.125%
2011 OWDA Water System Improv Phase I (Open) #5877	\$76,447	2%
2012 OPWC Main Street West Improv #C012P	\$267,845	0%
2014 OPWC Brooks-Malott Improv #C016Q	\$61,854	0%
2014 WWTP Improvement Phase I #CT57R	\$154,583	0%
2014 Sewer System Improvements General Obligation Bonds	\$259,875	3.25%
2015 OWDA Sanitary Sewer Rehab #6894	\$460,287	0%
2015 OPWC East Main Street Improv #C020S	\$305,459	2.25%
2016 Tax Increment Revenue Bonds	\$1,680,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,595,310	0-.75%
2016 OWDA WWTP Improv Phase I #7289	\$70,943	3%
2017 Fire Equipment Bonds Series 2017	\$37,500	3%
2019 OWDA #8274 Water Main Extension	\$379,451	3.04%
2019 OWDA #8197 Sewer Design Phase II	\$355,690	3.30%
2019 OWDA #8197 Sewer Design Phase II	\$121,476	2.23%
2019 OWDA #8197 Sewer Design Phase II	\$36,974	2%
2019 Street Improvement Note	\$250,000	2.50%
2020 OWDA #8869 Elevated Tank Maint & Repair	\$107,351	1.86%
2020 Spec Oblig Rev Bond Antic Note	\$400,000	2.25%
Total	<u>\$13,275,823</u>	

The 2002 OPWC Reservoir Loan #C020D relates to the creation of a water reservoir. The OPWC loaned the Village \$300,000 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of July 1, 2022.

The 2003 OPWC Phase I High Street Improvement Loan #C020G relates to a street improvement project within the Village. The OPWC loaned the Village \$240,162 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2024.

Village of Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

The 2004 OPWC Phase 2 High Street Improvement Loan #C020H relates to a street improvement project within the Village. The OPWC loaned the Village \$239,830 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2025.

The 2004 Ohio Water Development Authority (OWDA) Water Treatment Plant Upgrade Loan #4078 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$1,757,942 with interest at 2% to the Village for this project. The Village will repay the loan in semiannual installments of \$53,539 including interest, over 20 years and payments began on July 1, 2005, with the final payment due January 1, 2025.

The 2007 OWDA Phase I Pump Station Waste Water Treatment Plant Improvement Loan #4785 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$2,952,202 to the Village for this project. The Village will repay the remaining loan balance in semiannual installments of \$73,805 through January 2028.

The 2009 OPWC Apple Street Expansion Loan #C026M relates to a street improvement project within the Village. The OPWC has approved a \$300,000 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$5,000 over 30 years. Payments began on January 1, 2011, with the final payment due July 1, 2040.

The 2010 OPWC Commercial & Industrial Access Road Phase I Loan #C014N relates to a street improvement project within the Village. The OPWC has approved a \$262,263 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$4,371 over 30 years. Payments began on July 1, 2011, with the final payment due July 1, 2041.

The 2010 Taxable Fire Station Recovery Zone Bonds were used to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2035. These bonds contain an annual federal reimbursement subsidy applicable to interest costs over the life of these bonds.

The 2010 OPWC Commercial & Industrial Access Road Phase II Loan #C019O relates to Phase II of a street improvement project within the Village. The OPWC has approved a \$376,841 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,281 over 30 years. Payments began on July 1, 2012, with the final payment due January 1, 2042.

The 2010 Water Refunding Bonds were used to advance refund \$820,000 of the 2002 First Mortgage Waterworks System Revenue bonds, retire a \$807,000 Water Purchase Rights Note and provide additional funding for improvements to the Village's waterworks system. The Bonds were issued in a total amount of \$2,120,000 and are payable in varying amounts through 2030. The Village has agreed to various bond covenants, including establishing Reserve Accounts with a Bond Trustee, and to set utility rates sufficient to maintain net income at 125% of a maximum annual debt service requirement. These bonds are being refinanced with OWDA and will be finalized in January 2023 upon proper notification to current bond holders.

The 2011 Various Purpose Bonds were issued to construct a new Village Fire Station, Sewer Improvements, Park Construction and Street Repair. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2034. The Bonds were currently yielding at a 5.125% rate and were refinanced in 2022 at \$1,150,000 at a rate of 3.75%.

Village of Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

The 2011 OWDA Water System Improvement Phase I Loan #5877 relates to a water system improvement project within the Village. The OWDA has approved a \$139,098.75 loan at 2.0% interest to the Village. The loan payments began January 1, 2012 and paid off July 1, 2031.

The 2012 OPWC Main Street West Improvements Loan #C012P relates to a street improvement project within the Village. The OWDA has approved a \$373,737 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,229 over 30 years. Payments begin on January 1, 2013, with the final payment due July 1, 2042.

The 2014 OPWC Brooks Malott Loan #C016Q relates to a road improvement project within the Village. The OPWC has approved a \$100,000 interest free loan to the Village. The amortization payments began July 1, 2015 and requires annual payments of \$2,577.26 annually until paid off January 1, 2045.

The 2014 OPWC WWTP Improvement Phase I Loan #CT57R relates to a sewer plant improvement project within the Village. The OPWC loan was authorized for \$175,000 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$5,833.33.

The 2014 Sewer System Improvement Bonds were issued to construct improvements to the Village's sewer system. The Bonds were issued in a total amount of \$385,000 and are payable in varying amounts through June 15, 2035. Annual principal payments are \$19,250.00 with a 3.25% interest rate.

The 2015 OWDA Sanitary Sewer Rehab Loan #6894 relates to improvement in the sewer system within the Village. The OWDA loan was authorized for \$661,562.90 at 0% interest. The payment schedule started January 1, 2016 with annual payments of \$33,078.14 through July 1, 2035.

The 2015 OPWC East Main Street Improvement Loan #C020S relates to a road improvement project within the Village. The OPWC loan was authorized for \$360,441.82 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$12,218.36.

The Tax Increment Revenue Bonds Series 2016 was a consolidation of various tax increment revenue notes issued to finance public infrastructure improvements. The Bonds were issued on April 5, 2016 in the amount of \$2,440,000 and are payable in varying amounts through 2031 at a 2.9% interest rate.

The 2016 OWDA Wastewater Treatment Plant Loan #7289 is a combination of two loans and relates to an upgrade in the sewer plant within the Village. The first #7289 loan is a \$3,003,069.85 principal at a .75% interest rate with a July 1, 2017 through January 1, 2047 payment schedule. The second OWDA WWTP Improvement Phase I loan #7289 is a \$380,814 principal at a 2.75% interest rate with the same July 1, 2017 through January 1, 2047 payment schedule. The 2.75% OWDA loan beginning balance has been reduced down from \$89,271.70 to \$68,504.27 due to principal adjustment for cost changes as well as previous year overpayments from OWDA billings, however capitalized interest is accumulating until this loan is finalized and the current outstanding balance is \$73,318.

The 2017 Fire Equipment Bonds were issued to purchase Village fire equipment. The Bonds were issued in the total amount of \$150,000 and are payable in \$12,500 increments on June 1st and December 1st beginning December 1, 2017 at a 3% interest rate with final payment in 2023.

Village of Mount Orab, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

The 2019 OWDA Water Main Extension Loan #8274 related to the extension of water to the Village service area. The OWDA loan was authorized for \$392,654.50 at 3.04%. The payment schedule started July 1, 2020 through January 1, 2050. The OWDA loan #8274 has been adjusted down from a beginning balance in 2021 \$2,200.15 due to overbilling and principal adjustment for cost charges.

The 2019 OWDA WWTP Improvements Phase 2 Design Loan #8197 is a combination of three loans and relates to designing upgrades in the sewer plant within the Village. The first #8197 loan was authorized for \$408,789.48 at a rate of 3.33% starting January 1, 2020 and a balloon payment due July 1, 2024. The second #8197 loan was authorized for \$133,632.16 at a rate of 2.23% starting July 1, 2020 and a balloon payment due July 1, 2024. The third #8197 loan was authorized for \$59,422.69 at a rate of 1.91% starting January 1, 2022 and a balloon payment due July 1, 2024. The OWDA #8197 loans were adjusted slightly due to capitalized interest corrected at the beginning of 2021.

The 2019 Street Improvement Note was a one year note renewable for street and parking lot improvements within the Village. The loan was authorized for \$250,000 and was renewed again in 2021 at a rate of 2.5%. The note was rolled into bonds in 2022 at a principal of \$200,000 and 3.75% interest rate with final payment in 2026.

The 2020 OWDA Elevated Tank Maintenance and Repair Loan #8869 relates to painting and repair of existing elevated water storage tanks. The loan was authorized for \$206,834.91 at 1.86%. The payment schedule starts January 1, 2021 through July 1, 2050. We have adjusted the beginning balance of Loan #8869 from \$206,834.91 to \$108,082.11 due to contingencies and other contractual services not expended on the project. The loan has not been closed to allow flexibility in the use of the remaining funds. If the funds are committed in 2022 the loan balance will be adjusted accordingly.

The 2020 Special Obligation Revenue Bond Anticipation note was established to assist in improvement to Sterling Run to coincide with the State of Ohio improvements to North High Street. The initial note is for \$400,00 at 2.25% with authorization to increase to \$564,000 once construction begins. The notes will be converted to bonds at the end of the project and will be financed with tax assessments to the properties that receive benefit from the construction.

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

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loan	General Obligation Bonds	Recovery Zone Bonds	Revenue Bonds	Total
2022	\$127,570	\$465,236	\$390,687	\$160,569	\$198,720	\$1,342,782
2023	112,570	464,111	330,952	156,281	203,575	\$1,267,489
2024	112,570	907,704	323,508	156,994	198,430	\$1,699,206
2025	100,562	382,456	303,166	157,400	208,575	\$1,152,159
2026	88,570	328,917	328,083	152,500	213,285	\$1,111,355
2027-2031	442,852	1,127,949	1,294,729	151,700	1,114,975	\$4,132,205
2032-2036	418,672	831,293	463,976	145,538	237,560	\$2,097,039
2037-2041	316,952	699,782	-	725,425	-	\$1,742,159
2042-2046	125,535	699,782	-	551,638	-	\$1,376,955
2047-2051	8,750	151,134	-	-	-	\$159,884
Total	<u>\$1,854,603</u>	<u>\$6,058,364</u>	<u>\$3,435,101</u>	<u>\$2,358,045</u>	<u>\$2,375,120</u>	<u>\$16,081,233</u>

Debt Service Trust Accounts

The 2010 Water Refunding Bonds trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2021, the custodian held \$226,694 in Village assets. The accompanying financial statements do not include these assets or the related receipts and disbursements.

Note 10 – Contingent Liabilities

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

Note 11 – Public Entity Risk Pool

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

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

Note 12 – Related Organizations

The Southwest Ohio Regional Development Authority (the Port Authority) is a related organization of the Village of Mt. Orab. Although the Port Authority is legally separate from the Village, the Port Authority is accountable to the Village because the Village appoints the Port Authority’s board.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Enterprise	Internal Service	Total
Outstanding Encumbrances	19,027	15,210	16,310	158,485	4,284	213,316

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village received Coronavirus Local Fiscal Recovery funding in the amount of \$180,381. The Village is expected to receive an additional \$180,381 of Coronavirus Local Fiscal Recovery funding in 2022.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Mount Orab
Brown County
211 South High St.
Mt Orab, Ohio 45154

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Mount Orab, Brown County, (the Village) and have issued our report thereon dated April 29, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
April 29, 2024

**VILLAGE OF MOUNT ORAB
BROWN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31,2022 AND 2021**

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

Material Weakness

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

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements and accounting records were identified:

- The Village did not report the mayor's court receipts, disbursements, and fund balances on the 2021 and 2022 financial statements. For 2021, the Village financial statements did not include the mayor's court custodial fund beginning fund balance of \$15,682, additions-other amounts collected for distribution in the amount of \$458,326, deductions-other distributions in the amount of \$440,220, and ending fund balance of \$33,788. For 2022, the Village did not report the mayor's court custodial fund beginning fund balance of \$33,788, additions-other amounts collected for distribution of \$461,535, deductions-other distributions in the amount of \$472,186 and ending fund balance of \$23,137.
- In 2021 a receipt in the amount of \$20,151 was improperly recorded as charges for services in the fire fund 2903 instead of intergovernmental revenue in the street construction maintenance & repair fund 2011.
- In 2021, The Village recorded payments in the amount of \$24,180 for its portion of the CO14W Ohio Public Works Promissory Note as transportation disbursements in the TIF Districts 4-40 special revenue fund 2907 and should have been posted as principal retirement in the TIF Districts 4-40 special revenue fund 2907.

The financial statements and accounting records have been adjusted, where applicable for these errors.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. It is important that the Council members take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and preparing financial statements. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner. In addition, the Village officials should review and approve the annual financial statements and footnotes prepared by the Fiscal Officer prior to their filing with the Ohio Auditor of State.

Officials' Respons:e

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

OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS Compliance and Controls report.

FINDING NUMBER 2022-002

Finding for Recovery

Illegal Expenditures

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). Village Fiscal Officer Michael Boyd received or collected the money used to make the erroneous payment.

- The Village failed to provide supporting documentation for credit card purchases totaling \$45 and \$74 in 2021 and 2022, respectively.
- The Village erroneously paid sales tax on purchases made with credit cards totaling \$537 and \$678 in 2021 and 2022, respectively. The Village is tax exempt and should not pay sales tax.

In accordance with the forgoing facts and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Michael Boyd, Fiscal Officer, in favor of the Village of Mt Orab’s General Fund in the amount of \$670, Parks and Recreation Fund in the amount of \$77, Fire Fund in the amount of \$247, Police Computer Fund in the amount of \$196, Water Operating Fund in the amount of \$118, and the Sewer Operating Fund in the amount of \$26, totaling \$1,334.

Officials’ Response:

The Audit Report states that in 2021 the Village should not have paid \$537 in sales tax and in 2022 not paid \$678 in sales tax. The total Village budget for both years exceeded Eleven Million Dollars. Included in those amounts was sales tax paid to the State of Florida by the credit card of the Village. The Village began to ship purchases directly to Ohio to avoid the sales tax but found the cost to ship to the Fiscal Officer located in Florida exceeded the tax and in some cases as much as 300%. As of March 26, 2024 we were able to successfully obtain a Certificate of Exemption from the Florida Department of Revenue. They have indicated that we can submit prior purchases with sales tax paid for their review for a possible refund of the taxes paid.

For all the remaining purchases sales tax was paid in the State of Ohio, refunds requests have been filed for both years 2021 and 2022 with the Ohio Department of Taxation. The Ohio Department of Taxation has confirmed the request was received but informed the Village it will take several months to process the refund request. We have informed all supervisors of this issue and will do our best to reduce these transactions to an immaterial level.

FINDING NUMBER 2022-002
(Continued)

The only way to remediate this issue is for a Village employee to review all credit card statements to determine if any sales tax was paid and then to see to it that a refund is requested from the Ohio Department of Taxation or a refund is made by the seller. The Village Chief Fiscal Officer has contacted each supervisor and provided tax exempt certificate to attempt to minimize future issues regarding sales tax claims. The Village Chief Fiscal Officer also informed each supervisor that the use of the credit card could be suspended if the policy of tax-exempt purchases is not following by each department.

Considering the Village budget now approaches \$15 million dollars and the amount in question for these two years was no more than \$1,215, the Village feels confident they will be able to minimize the sales tax to the point of immateriality and will no longer be an issue.

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Village of Mt. Orab

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2022 and 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting – Mayors Court Activity	Not Corrected	Reissued as 2022-001



OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MOUNT ORAB

BROWN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/21/2024

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