



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF HEBRON
LICKING COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Village of Hebron
934 W. Main Street
Hebron, Ohio 43025

We have reviewed the *Independent Auditor's Report* of the Village of Hebron, Licking County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hebron is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 15, 2021

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VILLAGE OF HEBRON
LICKING COUNTY
Basic Financial Statements
For the Years Ended December 31, 2020 and 2019
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INDEPENDENT AUDITOR'S REPORT

Village of Hebron
Licking County
934 W. Main St.
Hebron, Ohio 43025

To the Village Council:

Report on the Financial Statements

We have audited the accompanying 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Hebron, Licking County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing measure will impact subsequent periods of the Village. We did not modify our opinion regarding this matter

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



BHM CPA Group, Inc.
Piketon, Ohio
June 30, 2021

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Taxes	\$ 173,811	\$ 543,312	\$ -	\$ -	\$ 717,123
Municipal Income Tax	1,991,716	-	-	-	1,991,716
Intergovernmental	71,690	870,498	-	-	942,188
Special Assessments	-	342,426	-	-	342,426
Charges for Services	72,379	5,302	-	-	77,681
Fines, Licenses, and Permits	48,479	358	-	-	48,837
Earnings on Investments	59,475	-	-	-	59,475
Miscellaneous	132,829	122,742	-	-	255,571
	<u>2,550,379</u>	<u>1,884,638</u>	<u>-</u>	<u>-</u>	<u>4,435,017</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons & Property	244,509	1,989,700	-	-	2,234,209
Public Health Services	-	20,509	-	-	20,509
Leisure Time Activities	-	45,864	-	-	45,864
Community Environment	171,080	-	-	-	171,080
Transportation	500	1,557,466	-	-	1,557,966
General Government	563,214	15,423	-	-	578,637
Capital Outlay	2,009	217,333	-	-	219,342
Debt Service:					
Principal Retirement	-	37,985	180,000	-	217,985
Interest and Fiscal Charges	-	-	21,468	-	21,468
	<u>981,312</u>	<u>3,884,280</u>	<u>201,468</u>	<u>-</u>	<u>5,067,060</u>
Total Cash Disbursements					
Excess of Receipts Over/(Under) Disbursements	1,569,067	(1,999,642)	(201,468)	-	(632,043)
Other Financing Receipts (Disbursements):					
Transfers-In	-	1,541,244	-	-	1,541,244
Transfers-Out	(1,529,000)	-	-	-	(1,529,000)
Other Financing Sources	-	-	78,935	-	78,935
Other Financing Uses	(41)	(187,160)	-	-	(187,201)
	<u>(1,529,041)</u>	<u>1,354,084</u>	<u>78,935</u>	<u>-</u>	<u>(96,022)</u>
Total Other Financing Receipts(Disbursements)					
Net Change in Fund Cash Balances	40,026	(645,558)	(122,533)	-	(728,065)
Fund Cash Balances, January 1, <i>Restated</i>	<u>2,295,841</u>	<u>1,774,983</u>	<u>122,723</u>	<u>2,560</u>	<u>4,196,107</u>
Fund Cash Balances, December 31	<u>\$ 2,335,867</u>	<u>\$ 1,129,425</u>	<u>\$ 190</u>	<u>\$ 2,560</u>	<u>\$ 3,468,042</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	2,997,427
Fines, Licenses, and Permits	1,832
	2,999,259
Operating Cash Disbursements:	
Current:	
Personal Services	495,983
Employee Fringe Benefits	217,716
Contractual Services	339,785
Supplies and Materials	177,581
	1,231,065
Total Operating Cash Disbursements	1,231,065
Operating Income (Loss)	1,768,194
Non-Operating Receipts (Disbursements):	
Earnings on Investments	77,304
Miscellaneous Receipts	56,895
Capital Outlay	(128,200)
Principal Retirement	(1,221,061)
Interest and Other Fiscal Charges	(204,497)
	(1,419,559)
Total Non-Operating Receipts (Disbursements)	(1,419,559)
Income (Loss) before Transfers	348,635
Transfers In	410,692
Transfers Out	(410,692)
	-
Total Transfers	-
Net Change in Fund Cash Balances	348,635
Fund Cash Balances, January 1	11,217,015
Fund Cash Balances, December 31	\$ 11,565,650

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiduciary Fund Type
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	14,455
Total Additions	14,455
Deductions	
Distributions to Other Governments	15,842
Total Deductions	15,842
Net Change in Fund Cash Balances	(1,387)
Fund Cash Balances, January 1	1,387
Fund Cash Balances, December 31	\$ -

The notes to the financial statements are an integral part of this statement.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village was incorporated in 1835 and is a statutory municipal corporation under the laws of the State of Ohio. The Village operates under a Council-Mayor form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance, and other government services. In addition, the Village owns and operates a water treatment and distribution system and a wastewater treatment and collection system. The Village is located on the Licking River in Central Ohio and is the eighth largest municipal corporation in Licking County, based on population.

Public Entity Risk Pools

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are 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, Maintenance (Public Works) Fund – The street maintenance, public works fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the construction, maintenance and repair of the streets within the Village.

Fire Levy Fund – This fund receives property tax, charges for services and general fund transfers for fire protection services.

Police Levy Fund – This fund receives property tax and general fund transfers for police protection services.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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:

Municipal Building Bond Fund – This fund receives general fund transfers to pay for bonded debt for the municipal building complex.

Permanent Funds: These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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 – This fund receives charges for services from residents to cover the cost of providing water services.

Sewer/Wastewater Fund – This fund receives charges for services from residents to cover the cost of providing sewer/wastewater services.

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.

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village of Hebron does not currently have trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court fines collected and then disbursed to other government agencies.

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.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balance

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

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

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

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

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

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

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

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

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,425,250	\$ 2,550,379	\$ 125,129
Special Revenue	4,891,310	3,425,882	(1,465,428)
Debt Service	92,502	78,935	(13,567)
Enterprise	3,777,150	3,544,150	(233,000)
Custodial	40,000	15,455	(24,545)
Total	\$ 11,226,212	\$ 9,614,801	\$ (1,611,411)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,456,775	\$2,531,979	\$924,796
Special Revenue	5,497,070	4,143,959	1,353,111
Debt Service	211,205	201,468	9,737
Enterprise	5,024,180	3,195,515	1,828,665
Custodial	40,000	15,842	24,158
Total	\$14,229,230	\$10,088,763	\$4,140,467

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Deposits and Investments	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$ 13,892,909
Certificates of deposit	306,442
Other time deposits (savings and NOW accounts)	111,591
Total deposits	14,310,942
U.S. Treasury Notes	722,750
Total investments	722,750
Total carrying amount of deposits and investments held in the Pool	15,033,692
 Total Deposits and Investments	 \$15,033,692

Deposits

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

Investments

The Federal Reserve holds the Village’s U.S. Treasury Notes in book-entry form by, in the name of the Village’s financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

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 occupant, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (latest information available).

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

23 full-time 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 healthcare and survivor and disability benefits.

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

Ohio Police and Fire Retirement System

18 of the Village's certified Fire Fighters and full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2020.

Social Security

26 employees of the Village contribute to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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 Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Department Building Bond	\$905,000	3%
Water Refunding Bond	2,655,000	3%
Sewer Refunding Bond	1,105,000	3%
OWDA Sewer Loan	5,333,451	0%
OPWC - West Main Curb/Gutter	199,778	0%
OPWC - Kelly and Westview	76,175	0%
OPWC - West North Culvert Replacement	<u>38,000</u>	0%
Total	<u>\$10,312,404</u>	

On October 5, 2011, the Village refunded the original Municipal Building Bonds that were issued on August 15, 2001 to continue to finance the completion of the Municipal Building Complex.

On July 11, 2012 the Village issued a Fire Construction Note for the construction on a new firehouse. The note was refinanced with a bond in 2013.

On September 12, 2002, the Village issued Water Mortgage Revenue Bonds, for improving the Village’s water system. On September 1, 2004, the Village then issued Water System Improvement Mortgage Revenue Bonds, also for improving the Village’s water system. On June 5, 2012 the Village combined these two bonds and refunded them into the Water Refunding Bonds to continue improving the Village’s water system. On November 27, 2020, the Village refunded the Water Bonds.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2020 is \$402,500.

On January 15, 2002, the Village issued Sanitary Sewer System Mortgage Revenue Bonds to improve the Village’s sanitary sewer system.

On June 5, 2012, the Village refunded this bond into the Sewer /Refunding Bonds to continue improving the Village’s sanitary sewer system. On November 27, 2020, the Village refunded the Sewer Bonds. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2020 is \$320,250.

The Ohio Water Development Authority (OWDA) Loan is for the expansion of the wastewater treatment plant. This loan will be repaid in semiannual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for West Main Curb/Gutter relates to West Main Street paving, curbs, and gutters. This loan will be repaid in semiannual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for Kelly & Westview relates to paving of Kelly Drive and Westview Drive. This loan will be repaid in annual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for West North relates to culvert replacement for West North. This loan will be repaid in annual installments with no interest.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	Fire Construction	OPWC Loans	OWDA Loan	Sewer Refunding	Water Refunding
2021	91,570	39,985	711,062	320,250	401,500
2022	90,026	39,985	711,062	317,000	402,500
2023	93,483	39,985	711,062	318,250	397,750
2024	91,820	39,985	711,062	288,750	392,500
2025	89,720	39,985	711,062	0	396,750
2026-2030	366,830	82,353	1,778,142	0	1,226,000
2031-2035	271,320	31,675	0	0	0
2036-2040	0	0	0	0	0
Total	<u>\$1,094,769</u>	<u>\$313,953</u>	<u>\$5,333,450</u>	<u>\$1,244,250</u>	<u>\$3,217,000</u>

Note 10 – Fund Balances

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

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Unclaimed Monies	\$0	\$0	\$0	\$0
Corpus	0	0	2,560	2,560
Outstanding Encumbrances	<u>21,626</u>	<u>72,519</u>	<u>0</u>	<u>94,145</u>
<i>Total</i>	<u>\$21,626</u>	<u>\$72,519</u>	<u>\$2,560</u>	<u>\$96,705</u>

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.

Village of Hebron
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Prior Year Adjustment

The Village recorded cancelled prior year outstanding checks, which affected the beginning fund balances for the General and Special Revenue funds as follows:

Prior Year Adjustment		
Fund Type	General Fund	Special Revenue Funds
2020 Beginning Fund Balances	\$ 2,295,241	\$ 1,774,792
Outstanding Checks canceled	\$ 600	\$ 191
2020 Beginning Fund Balance, Restated	\$ 2,295,841	\$ 1,774,983

Note 12 – Change in Accounting Principles

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

This change did not have any effect on the Village’s beginning fund balances.

Note 13 – 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 2020, the Village received CARES Act funding. Of the amounts received, \$20,803 was sub-granted to other governments and organization. These amounts are reflected as other financing uses expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:						
Property and Other Taxes	\$ 171,134	\$ 543,635	\$ -	\$ -	\$ -	\$ 714,769
Municipal Income Tax	1,990,875	-	-	-	-	1,990,875
Intergovernmental	77,002	250,307	-	-	-	327,309
Special Assessments	-	-	-	143,821	-	143,821
Charges for Services	171,122	910,912	-	-	-	1,082,034
Fines, Licenses, and Permits	12,853	722	-	-	-	13,575
Earnings on Investments	303,106	-	-	-	-	303,106
Miscellaneous	63,413	47,940	-	-	-	111,353
	<u>2,789,505</u>	<u>1,753,516</u>	<u>-</u>	<u>143,821</u>	<u>-</u>	<u>4,686,842</u>
Total Cash Receipts						
Cash Disbursements:						
Current:						
Security of Persons & Property	680,612	2,314,366	-	-	-	2,994,978
Public Health Services	-	1,237	-	-	-	1,237
Leisure Time Activities	-	38,644	-	-	-	38,644
Community Environment	104,748	-	-	-	-	104,748
Basic Utility	-	57,558	-	-	-	57,558
Transportation	300	1,032,473	-	183,821	-	1,216,594
General Government	516,530	17,192	-	-	-	533,722
Capital Outlay	47,279	14,693	-	400	-	62,372
Debt Service:						
Principal Retirement	-	35,985	180,000	-	-	215,985
Interest and Fiscal Charges	-	-	35,585	-	-	35,585
	<u>1,349,469</u>	<u>3,512,148</u>	<u>215,585</u>	<u>184,221</u>	<u>-</u>	<u>5,261,423</u>
Total Cash Disbursements						
Excess of Receipts Over/(Under) Disbursements	1,440,036	(1,758,632)	(215,585)	(40,400)	-	(574,581)
Other Financing Receipts (Disbursements):						
Proceeds from Sale of Public Debt:						
Other Debt Proceeds	-	-	-	40,000	-	40,000
Transfers-In	-	1,864,905	337,750	-	-	2,202,655
Transfers-Out	(2,079,850)	(92,900)	-	-	-	(2,172,750)
	<u>(2,079,850)</u>	<u>1,772,005</u>	<u>337,750</u>	<u>40,000</u>	<u>-</u>	<u>69,905</u>
Total Other Financing Receipts(Disbursements)						
Net Change in Fund Cash Balances	(639,814)	13,373	122,165	(400)	-	(504,676)
Fund Cash Balances, January 1 - Restated	2,935,055	1,761,419	558	400	2,560	4,699,992
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	2,560	2,560
Restricted	-	1,663,229	-	-	-	1,663,229
Committed	-	111,563	-	-	-	111,563
Assigned	11,109	-	122,723	-	-	133,832
Unassigned	2,284,132	-	-	-	-	2,284,132
	<u>\$ 2,295,241</u>	<u>\$ 1,774,792</u>	<u>\$ 122,723</u>	<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 4,195,316</u>
Fund Cash Balances, December 31						

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 3,199,853	\$ -	\$ 3,199,853
Fines, Licenses, and Permits	2,428	41,387	43,815
Miscellaneous	250,000	-	250,000
	<u>3,452,281</u>	<u>41,387</u>	<u>3,493,668</u>
Operating Cash Disbursements:			
Current:			
Personal Services	465,743	-	465,743
Employee Fringe Benefits	243,409	-	243,409
Contractual Services	421,650	-	421,650
Supplies and Materials	191,233	-	191,233
Other	249,999	10,095	260,094
	<u>1,572,034</u>	<u>10,095</u>	<u>1,582,129</u>
Operating Income (Loss)	1,880,247	31,292	1,911,539
Non-Operating Receipts (Disbursements):			
Sale of Refunding Bonds	4,270,000	-	4,270,000
Premium and Accrued Interest on Debt	521,744	-	521,744
Earnings on Investments	324	-	324
Miscellaneous Receipts	4,585	-	4,585
Capital Outlay	(144,381)	-	(144,381)
Principal Retirement	(6,492,830)	-	(6,492,830)
Interest and Other Fiscal Charges	(188,037)	-	(188,037)
Bond Issuance Costs	(133,818)	-	(133,818)
	<u>(2,162,413)</u>	<u>-</u>	<u>(2,162,413)</u>
Income (Loss) before Transfers	(282,166)	31,292	(250,874)
Transfers In	983,000	-	983,000
Transfers Out	(983,000)	(29,905)	(1,012,905)
	<u>-</u>	<u>(29,905)</u>	<u>-</u>
Total Transfers	-	(29,905)	(29,905)
Net Change in Fund Cash Balances	(282,166)	1,387	(280,779)
Fund Cash Balances, January 1 - Restated	<u>11,499,181</u>	<u>-</u>	<u>11,499,181</u>
Fund Cash Balances, December 31	<u>\$ 11,217,015</u>	<u>\$ 1,387</u>	<u>\$ 11,218,402</u>

The notes to the financial statements are an integral part of this statement.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village was incorporated in 1835 and is a statutory municipal corporation under the laws of the State of Ohio. The Village operates under a Council-Mayor form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance, and other government services. In addition, the Village owns and operates a water treatment and distribution system and a wastewater treatment and collection system. The Village is located on the Licking River in Central Ohio and is the eighth largest municipal corporation in Licking County, based on population.

Public Entity Risk Pools

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are 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, Maintenance (Public Works) Fund – The street maintenance, public works fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the construction, maintenance and repair of the streets within the Village.

Fire Levy Fund – This fund receives property tax, charges for services and general fund transfers for fire protection services.

Police Levy Fund – This fund receives property tax and general fund transfers for police protection services.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

Municipal Building Bond Fund – This fund receives general fund transfers to pay for bonded debt for the municipal building complex.

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:

OPWC Roadway Improvements Fund The fund accounts for and reports activity of Ohio Public Works Commission funded projects. The proceeds are restricted for roadway improvements.

Permanent Funds: These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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 – This fund receives charges for services from residents to cover the cost of providing water services.

Sewer/Wastewater Fund – This fund receives charges for services from residents to cover the cost of providing sewer/wastewater services.

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.

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village of Hebron does not currently have trust funds.

Agency 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 agency fund accounts for Mayor's Court fines collected and then disbursed to other government agencies.

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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,331,845	\$ 2,789,505	\$ 457,660
Special Revenue	5,917,800	3,618,421	(2,299,379)
Debt Service	337,750	337,750	-
Capital Project	400,000	183,821	(216,179)
Enterprise	6,586,765	9,231,934	2,645,169
Agency	40,000	41,387	1,387
Total	\$ 15,614,160	\$ 16,202,818	\$ 588,658

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,804,825	\$3,440,428	\$364,397
Special Revenue	6,832,035	3,605,048	3,226,987
Debt Service	337,750	215,585	122,165
Capital Project	400,400	184,221	216,179
Enterprise	14,534,448	9,514,100	5,020,348
Agency	40,000	40,000	0
Total	\$25,949,458	\$16,999,382	\$8,950,076

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Deposits and Investments	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$ 14,132,994
Certificates of deposit	301,928
Other time deposits (savings and NOW accounts)	237,713
Total deposits	14,672,635
U.S. Treasury Notes	741,083
Total investments	741,083
Total carrying amount of deposits and investments held in the Pool	15,413,718
 Total Deposits and Investments	 \$15,413,718

Deposits

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

Investments

The Federal Reserve holds the Village’s U.S. Treasury Notes in book-entry form by, in the name of the Village’s financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

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 occupant, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

22 full-time 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

18 of the Village's certified Fire Fighters and full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2019.

Social Security

29 employees of the Village contribute to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. 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 Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Building Bond	\$115,000	1%
Fire Department Building Bond	\$970,000	3%
Water Refunding Bond	\$2,915,000	3%
Sewer Refunding Bond	\$1,355,000	3%
OWDA Sewer Loan	\$6,044,512	0%
OPWC - West Main Curb/Gutter	\$230,513	0%
OPWC - Kelly and Westview	\$81,425	0%
OPWC - West North Culvert Replacement	\$40,000	0%
Total	<u>\$11,751,450</u>	

On October 5, 2011, the Village refunded the original Municipal Building Bonds that were issued on August 15, 2001 to continue to finance the completion of the Municipal Building Complex.

On July 11, 2012 the Village issued a Fire Construction Note for the construction on a new firehouse. The note was refinanced with a bond in 2013.

On September 12, 2002, the Village issued Water Mortgage Revenue Bonds, for improving the Village’s water system. On September 1, 2004, the Village then issued Water System Improvement Mortgage Revenue Bonds, also for improving the Village’s water system. On June 5, 2012 the Village combined these two bonds and refunded them into the Water Refunding Bonds to continue improving the Village’s water system. On November 27, 2019, the Village refunded the Water Bonds. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2019 is \$411,424.

On January 15, 2002, the Village issued Sanitary Sewer System Mortgage Revenue Bonds to improve the Village’s sanitary sewer system. One June 5, 2012, the Village refunded this bond into the Sewer /Refunding Bonds to continue improving the Village’s sanitary sewer system. On November 27, 2019, the Village refunded the Sewer Bonds. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2019 is \$329,659.

The Ohio Water Development Authority (OWDA) Loan is for the expansion of the wastewater treatment plant. This loan will be repaid in semiannual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for West Main Curb/Gutter relates to West Main Street paving, curbs, and gutters. This loan will be repaid in semiannual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for Kelly & Westview relates to paving of Kelly Drive and Westview Drive. This loan will be repaid in annual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for West North relates to culvert replacement for West North. This loan will be repaid in annual installments with no interest.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	Fire Construction	OPWC Loans	OWDA Loan	Municipal Bond	Sewer Refunding	Water Refunding
2020	\$ 92,870	\$ 39,985	\$ 711,062	\$ 118,335	\$ 318,503	\$ 395,944
2021	91,570	39,985	711,062	0	320,250	401,500
2022	90,026	39,985	711,062	0	317,000	402,500
2023	93,483	39,985	711,062	0	318,250	397,750
2024	91,820	39,985	711,062	0	288,750	392,500
2025-2029	456,550	122,338	2,133,185	0	0	1,622,750
2030-2034	271,320	29,675	356,019	0	0	0
Total	<u>\$ 1,187,639</u>	<u>\$ 351,938</u>	<u>\$ 6,044,512</u>	<u>\$ 118,335</u>	<u>\$ 1,562,753</u>	<u>\$ 3,612,944</u>

Note 10 – Prior Year Adjustment

A restatement of beginning cash fund balances as of January 1, 2019 was because of voided checks and an accounting error related to prior audit periods. Voiding the checks and correcting the accounting errors had the following effects on cash fund balances at January 1, 2019:

Fund Type	General Fund	Special Revenue Funds	Enterprise Funds
2019 Beginning Fund Balances	\$ 2,715,278	\$ 1,761,339	\$ 11,718,914
Adjustments	<u>\$ 219,777</u>	<u>\$ 80</u>	<u>\$ (219,733)</u>
2019 Beginning Fund Balance, Restated	<u>\$ 2,935,055</u>	<u>\$ 1,761,419</u>	<u>\$ 11,499,181</u>



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

Village of Hebron
Licking County
934 W. Main St.
Hebron, Ohio 43025

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Hebron, Licking County, (the Village) and have issued our report thereon dated June 30, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to the Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
June 30, 2021

VILLAGE OF HEBRON
LICKING COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDING NUMBER 2020-001

Sound Financial Reporting / Significant Deficiency

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting.

Internal controls over the Village's interest receipts entry were not in place and operating effectively.

The following matters were noted during procedures performed:

During testing of long-term debt, it was determined that the bond refunding and subsequent principal and interest payments were not correctly recorded in the Enterprise Funds. In 2019, a total of \$4,931,744 in debt payments and refunding costs were not recorded. In 2020, a total of \$95,286 in principal and interest payments from the Village bond account were not correctly recorded.

Improper posting of financial activity could restrict management's ability to make informed decisions and resulted in audit adjustments and resulted in audit adjustments being made which are reflected in the accompanying financial statements.

To assist in the effective management and reporting of transactions, the Village should develop procedures to determine that all financial activity is properly posted and routinely reviewed by someone independent

We recommend the Village:

- Consult with Auditor and others when complex entries are required.

Client Response:

The Village will ensure all future entries are posted to the correct line item in the accounting system.

VILLAGE OF HEBRON
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Sound Financial Reporting – Significant Deficiency	No	Reissued as Finding 2020-001

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HEBRON

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/4/2021

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

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