

**VILLAGE OF MT. ORAB  
BROWN COUNTY, OHIO  
*BASIC FINANCIAL STATEMENTS*  
*(AUDITED)***  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**



**752 High Street  
Worthington, Ohio 43085**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Mt. Orab  
211 South High Street  
Mt. Orab, Ohio 45154

We have reviewed the *Independent Auditor's Report* of the Village of Mt. Orab, Brown County, prepared by Lindholm + Company, 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 Mt. Orab is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 13, 2022

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BROWN COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

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

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 Mt. Orab, Brown 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

LINDHOLM + COMPANY

Worthington, Ohio

June 28, 2021



**Village of MT. 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, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$34,444	\$432,319	-	-	\$466,763
Municipal Income Tax	1,293,232	401,567	42,171	-	1,736,970
Intergovernmental	103,867	1,155,465	5,152	-	1,264,484
Charges for Services	1,075	927,398	-	9,240	937,713
Fines, Licenses and Permits	226,948	21,340	-	9,828	258,116
Earnings on Investments	25,601	440	-	-	26,041
Miscellaneous	8,737	980,996	-	-	989,733
<i>Total Cash Receipts</i>	<u>1,693,904</u>	<u>3,919,525</u>	<u>47,323</u>	<u>19,068</u>	<u>5,679,820</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	993,126	2,159,325	-	82,284	3,234,735
Public Health Services	9,946	44,508	-	-	54,454
Leisure Time Activities	14,400	44,317	-	-	58,717
Community Environment	12,833	-	-	-	12,833
Basic Utility Services	-	-	759	324,159	324,918
Transportation	97,057	409,714	-	435,044	941,815
General Government	304,804	204,637	523	-	509,964
Capital Outlay	-	-	-	47,937	47,937
Debt Service:					
Principal Retirement	6,109	85,169	766,449	-	857,727
Interest and Fiscal Charges	4,000	37,336	243,762	11,721	296,819
<i>Total Cash Disbursements</i>	<u>1,442,275</u>	<u>2,985,006</u>	<u>1,011,493</u>	<u>901,145</u>	<u>6,339,919</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>251,629</u>	<u>934,519</u>	<u>(964,170)</u>	<u>(882,077)</u>	<u>(660,099)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	-	250,000	400,000	650,000
Loans Issued	-	-	-	324,880	324,880
Sale of Capital Assets	839	2,684	-	-	3,523
Transfers In	-	101,000	725,977	50,400	877,377
Transfers Out	(52,000)	(520,077)	-	-	(572,077)
Advances In	5,000	5,000	-	-	10,000
Advances Out	(5,000)	(5,000)	-	-	(10,000)
Other Financing Uses	(3,483)	-	-	-	(3,483)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(54,644)</u>	<u>(416,393)</u>	<u>975,977</u>	<u>775,280</u>	<u>1,280,220</u>
Extraordinary Item	559	-	-	-	559
<i>Net Change in Fund Cash Balances</i>	<u>197,544</u>	<u>518,126</u>	<u>11,807</u>	<u>(106,797)</u>	<u>620,680</u>
<i>Fund Cash Balances, January 1</i>	<u>252,693</u>	<u>901,447</u>	<u>382,993</u>	<u>253,672</u>	<u>1,790,805</u>
<i>Fund Cash Balances, December 31</i>	<u>\$450,237</u>	<u>\$1,419,573</u>	<u>\$394,800</u>	<u>\$146,875</u>	<u>\$2,411,485</u>

*See accompanying notes to the basic financial statements*

**Village of MT. 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, 2020*

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$3,196,004	-	\$3,196,004
Fines, Licenses and Permits	2,200	-	2,200
<i>Total Operating Cash Receipts</i>	<u>3,198,204</u>	<u>-</u>	<u>3,198,204</u>
<b>Operating Cash Disbursements</b>			
Personal Services	462,259	-	462,259
Employee Fringe Benefits	194,805	16,236	211,041
Contractual Services	999,751	-	999,751
Supplies and Materials	194,953	-	194,953
<i>Total Operating Cash Disbursements</i>	<u>1,851,768</u>	<u>16,236</u>	<u>1,868,004</u>
<i>Operating Income (Loss)</i>	<u>1,346,436</u>	<u>(16,236)</u>	<u>1,330,200</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Charges for Services	1,724	57,033	58,757
Miscellaneous Receipts	2,380	-	2,380
Capital Outlay	(203,250)	-	(203,250)
Principal Retirement	(325,616)	-	(325,616)
Interest and Other Fiscal Charges	(102,158)	-	(102,158)
Other Financing Sources	-	-	-
Other Financing Uses	-	-	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(626,920)</u>	<u>57,033</u>	<u>(569,887)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	719,516	40,797	760,313
Transfers In	125,400	-	125,400
Transfers Out	<u>(430,700)</u>	<u>-</u>	<u>(430,700)</u>
<i>Net Change in Fund Cash Balances</i>	414,216	40,797	455,013
<i>Fund Cash Balances, January 1</i>	<u>413,194</u>	<u>139,267</u>	<u>552,461</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$827,410</u></u>	<u><u>\$180,064</u></u>	<u><u>\$1,007,474</u></u>

*See accompanying notes to the basic financial statements*

**Village of MT. Orab, Ohio**  
*Brown County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Fiduciary</u>
	<u>Custodial</u>
	<u>Other</u> <u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits	<u>257,623</u>
<i>Total Additions</i>	<u>257,623</u>
<b>Deductions</b>	
Other Distributions	<u>(257,623)</u>
<i>Total Deductions</i>	<u>(257,623)</u>
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	<u>15,682</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$15,682</u></u>
<i>See accompanying notes to the basic financial statements</i>	

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 government services, public safety, fire and EMS services, water and sewer utilities, garbage services, park recreation and street maintenance.

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

**Accounting Basis**

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

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

**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.

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

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 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

**Fiduciary Funds** Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Fiduciary Fund:

**Mayor's Court Fund** This fund is used to account for the collection and distribution of Mayor's Court fines, fees, and bonds.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 be budgeted annually.

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

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 13.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts				
	Fund Type	Budgeted Receipts	Actual Receipts	Variance
	General	\$1,681,463	\$1,695,302	\$13,839
	Special Revenue	4,012,663	4,023,212	10,549
	Debt Service	1,023,300	1,023,300	-
	Capital Projects	798,822	794,349	(4,473)
	Enterprise	3,286,383	3,327,708	41,325
	Internal Service	57,033	57,033	-
	<b>Total</b>	<b>\$10,859,664</b>	<b>\$10,920,904</b>	<b>\$61,240</b>
2020 Budgeted vs. Actual Budgetary Basis Expenditures				
	Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
	General	\$1,844,466	\$1,533,316	\$311,150
	Special Revenue	4,186,805	3,564,986	621,819
	Debt Service	1,021,095	1,011,492	9,603
	Capital Projects	1,012,419	906,008	106,411
	Enterprise	3,548,843	2,983,037	565,806
	Internal Service	65,000	16,236	48,764
	<b>Total</b>	<b>\$11,678,628</b>	<b>\$10,015,075</b>	<b>\$1,663,553</b>



**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$852,864
STAR Ohio	2,581,777
Total deposit and investments	<u>3,434,641</u>

**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.

**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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Other 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, 2020.

***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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
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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 firefighters' wages. The Village has paid all contributions required through December 31, 2020.

**Social Security**

The part time Fire/EMS employees of the Village participate in the Social Security system. 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, 2020.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit post employment 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 healthcare 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 Mt. Orab, Ohio**  
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**Note 9 - Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
2000 OPWC Wastewater Treatment Plant #CT43B	\$2,488	0%
2001 Road Improvement Special Assessment Bonds	\$10,000	4.97%
2002 OPWC Reservoir Loan #C020D	\$30,000	0%
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$48,032	0%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$59,958	0%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$458,617	2%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$1,107,076	0%
2009 OPWC Apple Street Expansion Loan #C026M	\$205,000	0%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$183,584	0%
2010 Taxable Fire Station Bonds RZEDB	\$1,360,000	3.78%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$270,069	0%
2010 Water Refunding Bonds	\$1,270,000	5.2%
2011 Various Purpose Bonds	\$1,260,000	5.13%
2011 OWDA Water System Improv Phase I (Open) #5877	\$83,288	2%
2012 OPWC Main Street West Improv #C012P	\$280,303	0%
2014 OPWC Brooks-Malott Improv #C016Q	\$64,432	0%
2014 OPWC WWTP Improvement Phase I #CT57R	\$160,417	0%
2014 Sewer System Improvements General Obligation Bonds	\$279,125	3.25%
2015 OWDA Sanitary Sewer Rehab #6894	\$493,163	0%
2015 OPWC East Main Street Improv #C020S	\$317,678	0%
2016 Tax Increment Revenue Bonds	\$1,825,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,687,337	0.75%
2016 OWDA WWTP Improv Phase I #7289	\$89,272	2.90%
2017 Fire Equipment Bonds Series 2017	\$62,500	3.00%
2019 OWDA #8274 Water Main Extension	\$388,601	3.04%
2019 OWDA #8197 Sewer Design Phase II	\$294,756	3.33%
2019 OWDA #8197 Sewer Design Phase II	\$46,344	2.23%
2019 Street Improvement Note	\$250,000	2.70%
2020 OWDA #8869 Elevated Tank Maint & Repair	\$206,835	1.86%
2020 Special Obligation Revenue Bond Anticipation Note	\$400,000	2.25%
	<b>\$14,193,875</b>	

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 - Debt (Continued)**

The 2000 Wastewater Treatment Plant Improvement Ohio Public Works Commissions Loan (OPWC) #CT43B relates to a sewer plan improvement project. The OPWC loaned the Village \$99,500 for this project. The Village will repay the loan in semi-annual installments over 20 years with a final payment date of July 1, 2020.

The 2001 Road Improvement Special Assessment General Obligation Bonds were used to make improvements to State Route 68. The Bonds were issued in a total amount of \$140,000 and are payable in varying amounts through 2021.

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.

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 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
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*For the Year Ended December 31, 2020*

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**Note 9 - Debt (Continued)**

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 to maintain net income at 125% of a maximum annual debt service requirement. See Related Trustee note disclosure included in Note 7.

The 2011 Various Purpose Bonds were issued 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 2034.

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 #DC020S 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 - Debt (Continued)**

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 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.

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 2019 OWDA WWTP Improvements Phase 2 Design Loan #8197 is a combination of two loans and relates to designing upgrades in the sewer plant within the Village. The first #8197 loan was authorized for \$387,214.70 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 \$128,561.02 at a rate of 2.23% starting January 1, 2020 and a balloon payment due July 1, 2024.

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.

The 2019 Street Improvement Note is a one year note renewal for street and parking lot improvements within the Village. The loan was authorized for \$250,000 and was renewed in 2020 at a rate of 2.5%.

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 \$400,000 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 Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 - Debt (Continued)**

***Amortization***

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

Year Ending December 31:	OPWC Loans	OWDA Loans	General Obligation Bonds	Taxable Recovery Zone Bonds	Revenue Bonds	Total
2021	\$105,877	\$411,680	\$885,000	\$65,000	\$164,250	\$1,631,807
2022	103,390	415,477	245,000	70,000	169,250	1,006,117
2023	88,390	419,350	237,500	70,000	134,250	949,490
2024	88,390	688,467	225,000	75,000	144,250	1,221,107
2025	76,382	353,286	235,000	80,000	134,250	878,918
2026-2030	321,952	1,152,655	1,320,000	435,000	726,250	3,955,857
2031-2035	321,952	784,423	650,000	565,000	86,625	2,408,000
2036-2040	321,952	646,111	-	-	-	968,063
2041-2045	166,874	683,500	-	-	-	850,374
2046-2050	26,802	300,340	-	-	-	327,142
<b>Total</b>	<u>\$1,621,961</u>	<u>\$5,855,289</u>	<u>\$3,797,500</u>	<u>\$1,485,000</u>	<u>\$1,559,125</u>	<u>\$14,193,875</u>

***Debt Service Trust Funds***

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, 2020, the custodian held \$226,668 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.

**Note 12 – Related Organizations**

The Mt. Orab 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.



**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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. 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	Capital Projects	Enterprise	Total
Nonspendable						
Unclaimed Monies	-					-
Outstanding Encumbrances	35,556	59,901	-	4,864	69,546	169,867
	<u>\$35,556</u>	<u>\$59,901</u>	<u>-</u>	<u>\$4,864</u>	<u>\$69,546</u>	<u>\$169,867</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. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had no effect on beginning cash balances of the Village.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 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 direct CARES Act funding in the amount of \$220,028.58. Also during 2020, the Village received \$426,848.50 as an on-behalf of grant from other governments. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**Village of MT. 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, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$35,249	\$433,197	-	-	\$468,446
Municipal Income Tax	1,333,033	356,189	-	-	1,689,222
Intergovernmental	81,999	250,330	43,210	-	375,539
Special Assessments	-	-	978	-	978
Charges for Services	964	868,410	-	10,013	879,387
Fines, Licenses and Permits	260,775	18,114	-	14,292	293,181
Earnings on Investments	52,516	821	-	-	53,337
Miscellaneous	2,588	971,705	-	-	974,293
<i>Total Cash Receipts</i>	<u>1,767,124</u>	<u>2,898,766</u>	<u>44,188</u>	<u>24,305</u>	<u>4,734,383</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,095,520	1,556,027	-	9,568	2,661,115
Public Health Services	5,091	-	-	-	5,091
Leisure Time Activities	14,012	59,098	-	-	73,110
Community Environment	38,771	-	-	-	38,771
Basic Utility Services	-	-	-	519,994	519,994
Transportation	147,865	245,876	49	157,260	551,050
General Government	291,846	201,650	-	-	493,496
Capital Outlay	-	-	-	16,615	16,615
Debt Service:					
Principal Retirement	7,296	149,343	507,567	-	664,206
Interest and Fiscal Charges	-	6,679	257,819	6,093	270,591
<i>Total Cash Disbursements</i>	<u>1,600,401</u>	<u>2,218,673</u>	<u>765,435</u>	<u>709,530</u>	<u>5,294,039</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>166,723</u>	<u>680,093</u>	<u>(721,247)</u>	<u>(685,225)</u>	<u>(559,656)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	-	-	250,001	250,001
Loans Issued	-	-	-	522,087	522,087
Sale of Capital Assets	-	89,732	-	92,495	182,227
Transfers In	-	66,000	722,113	25,200	813,313
Transfers Out	(12,000)	(493,512)	-	-	(505,512)
Advances In	12,000	12,000	-	-	24,000
Advances Out	(12,000)	(12,000)	-	-	(24,000)
Other Financing Sources	-	1,370	-	-	1,370
Other Financing Uses	(13,643)	-	-	-	(13,643)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,643)</u>	<u>(336,410)</u>	<u>722,113</u>	<u>889,783</u>	<u>1,249,843</u>
Extraordinary Item	945	208	-	-	1,153
<i>Net Change in Fund Cash Balances</i>	<u>142,025</u>	<u>343,891</u>	<u>866</u>	<u>204,558</u>	<u>691,340</u>
<i>Fund Cash Balances, January 1</i>	<u>110,668</u>	<u>557,556</u>	<u>382,127</u>	<u>49,114</u>	<u>1,099,465</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	-	-
Restricted	-	901,447	382,993	253,672	1,538,112
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Deficit)	252,693	-	-	-	252,693
<i>Fund Cash Balances, December 31</i>	<u>\$252,693</u>	<u>\$901,447</u>	<u>\$382,993</u>	<u>\$253,672</u>	<u>\$1,790,805</u>

See accompanying notes to the basic financial statements

**Village of MT. 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, 2019*

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,860,487	-	\$2,860,487
Fines, Licenses and Permits	2,600	-	2,600
<i>Total Operating Cash Receipts</i>	<u>2,863,087</u>	<u>-</u>	<u>2,863,087</u>
<b>Operating Cash Disbursements</b>			
Personal Services	418,415	-	418,415
Employee Fringe Benefits	193,538	8,364	201,902
Contractual Services	1,110,205	-	1,110,205
Supplies and Materials	279,074	-	279,074
<i>Total Operating Cash Disbursements</i>	<u>2,001,232</u>	<u>8,364</u>	<u>2,009,596</u>
<i>Operating Income (Loss)</i>	<u>861,855</u>	<u>(8,364)</u>	<u>853,491</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Charges for Services	-	19,031	19,031
Intergovernmental	5,515	-	5,515
Miscellaneous Receipts	10,034	-	10,034
Capital Outlay	(153,120)	-	(153,120)
Principal Retirement	(300,100)	-	(300,100)
Interest and Other Fiscal Charges	(100,009)	-	(100,009)
Other Financing Sources	-	-	-
Other Financing Uses	-	-	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(537,680)</u>	<u>19,031</u>	<u>(518,649)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	324,175	10,667	334,842
Transfers In	107,225	-	107,225
Transfers Out	(415,025)	-	(415,025)
<i>Net Change in Fund Cash Balances</i>	16,375	10,667	27,042
<i>Fund Cash Balances, January 1</i>	<u>396,819</u>	<u>128,600</u>	<u>525,419</u>
<i>Fund Cash Balances, December 31</i>	<u>\$413,194</u>	<u>\$139,267</u>	<u>\$552,461</u>

*See accompanying notes to the basic financial statements*

**Village of MT. Orab, Ohio**  
*Brown County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	<u>Fiduciary</u>
	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits	<u>292,873</u>
<i>Total Additions</i>	<u>292,873</u>
<b>Deductions</b>	
Other Distributions	<u>(292,873)</u>
<i>Total Deductions</i>	<u>(292,873)</u>
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	<u>15,682</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$15,682</u></u>

*See accompanying notes to the basic financial statements*

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mt. Orab, Brown County, (the Village) as a body corporate and politic. A publicly-elected six member Council directs the Village. The Village provides general government services, public safety, fire and EMS services, water and sewer utilities, garbage services, park recreation, 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 8 to the financial statement describes these assets.

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

**Accounting Basis**

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

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

**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.

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

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 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

**Fiduciary Funds** Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Fiduciary Fund:

**Mayor's Court Fund** This fund is used to account for the collection and distribution of Mayor's Court fines, fees, and bonds.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 be budgeted annually.

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

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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.



**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts				
	Fund Type	Budgeted Receipts	Actual Receipts	Variance
	General	\$1,749,548	\$1,768,069	\$18,521
	Special Revenue	3,048,498	3,056,075	7,577
	Debt Service	766,302	766,302	-
	Capital Projects	913,125	914,086	961
	Enterprise	2,901,707	2,985,860	84,153
	Internal Service	19,030	19,030	-
	<b>Total</b>	<b>\$9,398,210</b>	<b>\$9,509,422</b>	<b>\$111,212</b>
2019 Budgeted vs. Actual Budgetary Basis Expenditures				
	Fund Type	Budgeted Receipts	Actual Receipts	Variance
	General	\$1,855,552	\$1,647,818	\$207,734
	Special Revenue	3,122,504	2,721,798	400,706
	Debt Service	770,740	765,437	5,303
	Capital Projects	911,905	709,530	202,375
	Enterprise	3,195,731	3,040,674	155,057
	Internal Service	45,000	8,364	36,636
	<b>Total</b>	<b>\$9,901,432</b>	<b>\$8,893,621</b>	<b>\$1,007,811</b>

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 bank balances at December 31, 2019 was as follows:

	2019
Demand deposits	\$ 1,307,963
STAR Ohio	1,050,985
Total deposits and investments	<u>2,358,948</u>

**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.

**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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Other 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, 2020.

***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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
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*For the Year Ended December 31, 2019*

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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 firefighters' wages. The Village has paid all contributions required through December 31, 2020.

**Social Security**

The part time Fire/EMS employees of the Village participate in the Social Security system. 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, 2020.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit post employment 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 healthcare 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 Mt. Orab, Ohio**  
*Brown 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:

	Principal	Interest Rate
2000 OPWC Wastewater Treatment Plant #CT43B	\$4,975	0%
2001 Road Improvement Special Assessment Bonds	\$20,000	4.97%
2002 OPWC Reservoir Loan #C020D	\$37,500	0%
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$54,036	0%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$65,953	0%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$555,074	2%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$1,254,686	0%
2009 OPWC Apple Street Expansion Loan #C026M	\$210,000	0%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$187,955	0%
2010 Taxable Fire Station Bonds RZEDB	\$1,425,000	3.78%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$276,350	0%
2010 Water Refunding Bonds	\$1,400,000	5.20%
2011 Various Purpose Bonds	\$1,325,000	5.13%
2011 OWDA Water System Improv Phase I (Open) #5877	\$89,994	2%
2012 OPWC Main Street West Improv #C012P	\$286,532	0%
2014 OPWC Brooks-Malott Improv #C016Q	\$65,720	0%
2014 OPWC WWTP Improvement Phase I #CT57R	\$163,333	0%
2014 Sewer System Improvements General Obligation Bonds	\$298,375	3.25%
2015 OWDA Sanitary Sewer Rehab #6894	\$525,240	0.00%
2015 OPWC East Main Street Improv #C020S	\$323,787	0.00%
2016 Tax Increment Revenue Bonds	\$1,965,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,778,677	0.75%
2016 OWDA WWTP Improv Phase I #7289	\$66,003	2.75%
2017 Fire Equipment Bonds Series 2017	\$87,500	3.00%
2019 OWDA #8274 Water Main Extension	\$331,856	3.04%
2019 OWDA #8197 Sewer Design Phase II	\$198,252	3.33%
2019 Street Improvement Note	\$250,000	2.70%
	<b>\$14,246,799</b>	

The 2000 Wastewater Treatment Plant Improvement Ohio Public Works Commissions Loan (OPWC) #CT43B relates to a sewer plan improvement project. The OPWC loaned the Village \$99,500 for this project. The Village will repay the loan in semi-annual installments over 20 years with a final payment date of July 1, 2020.

The 2001 Road Improvement Special Assessment General Obligation Bonds were used to make

**Village of Mt. Orab, Ohio**  
*Brown County*  
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*For the Year Ended December 31, 2019*

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improvements to State Route 68. The Bonds were issued in a total amount of \$140,000 and are payable in varying amounts through 2021.

**Note 9 - Debt (Continued)**

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.

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 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 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
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**Note 9 - Debt (Continued)**

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. See Related Trustee note disclosure included in Note 7.

The 2011 Various Purpose Bonds were issued 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 2034.

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 #DC020S 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.

**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 - Debt (Continued)**

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 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.

***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	General Obligation Bonds	Taxable Recovery Zone Bonds	Revenue Bonds	Total
2020	\$ 108,365	\$ 391,886	\$ 480,000	\$ 65,000	\$ 159,250	\$ 1,204,501
2021	103,390	403,001	235,000	65,000	164,250	970,641
2022	95,890	406,229	245,000	70,000	169,250	986,369
2023	88,390	409,519	237,500	70,000	134,250	939,659
2024	82,386	725,831	225,000	75,000	144,250	1,252,467
2025-2029	327,947	1,331,305	1,275,000	420,000	726,250	4,080,502
2030-2034	321,952	771,494	930,000	535,000	211,250	2,769,696
2035-2039	321,952	657,451		125,000	9,625	1,114,028
2040-2044	188,755	662,500				851,255
2045-2049	37,116	475,973				513,089
2050		15,222				15,222
	<b>\$ 1,676,143</b>	<b>\$ 6,250,411</b>	<b>\$ 3,627,500</b>	<b>\$ 1,425,000</b>	<b>\$ 1,718,375</b>	<b>\$14,697,429</b>

***Debt Service Trust Funds***

The 2010 Water Refunding Bonds trust agreement also required the Village to establish various funds to be maintained by a custodian trustee that is funded from the proceeds of the 2010 Water Refunding Bonds along with available funds previously maintained in other bond accounts related to bonds that were advance refunded. The Village has established these funds. At December 31, 2019, the custodian trustee held \$225,086 in Village assets



**Village of Mt. Orab, Ohio**  
*Brown County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 – Related Organizations**

The Mt. Orab 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.



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

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

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 types of the Village of Mt. Orab, Brown County, Ohio (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 28, 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.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Government’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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Government’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 Government’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, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we considered a material weakness as item **2020-001**.

***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 determination of financial statement amounts. 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*.

Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards  
Page Two

***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.

LINDHOLM + COMPANY

Worthington, Ohio  
June 28, 2021

**VILLAGE OF MT. ORAB  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

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

**FINDING NUMBER 2020-001**

**Material Weakness - Financial Reporting**

Financial reporting is the responsibility of the entity and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Per Auditor of State Bulletin 2015-007, auditors will inspect the Hinkle filing system to determine whether amounts reported agree with the entity's underlying accounting records and include all the required components.

During our review of the financial statements submitted in the Hinkle System we noted that the information for the Mayor's Court Fund, a custodial fund of the Village, was not included on the financial statements. As a result, an audit adjustment has been proposed and made to correct the financial statements for fiscal year 2020 and 2019.

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

We recommend the Village implement controls and procedures related to financial reporting that enables management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

**Officials' Response:**

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

# 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 1/18/2022**

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](http://www.ohioauditor.gov)