



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF HEBRON
LICKING COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Hebron
934 W. Main Street
Hebron, OH 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, 2021 through December 31, 2022. 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 cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2023

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VILLAGE OF HEBRON
LICKING COUNTY
Basic Financial Statements
For the Years Ended December 31, 2022 and 2021
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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Hebron, Licking County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and 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, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
August 31, 2023

**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, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent	
Cash Receipts:					
Property and Other Taxes	\$ 196,575	\$ 563,997	\$ -	\$ -	\$ 760,572
Municipal Income Tax	2,805,041	-	-	-	2,805,041
Intergovernmental	85,299	371,522	-	-	456,821
Charges for Services	-	9,120	-	-	9,120
Fines, Licenses, and Permits	49,927	359	-	-	50,286
Earnings on Investments	104,298	7,120	-	-	111,418
Miscellaneous	28,371	141,713	-	-	170,084
	<u>3,269,511</u>	<u>1,093,831</u>	<u>-</u>	<u>-</u>	<u>4,363,342</u>
Cash Disbursements:					
Current:					
Security of Persons & Property	46,857	1,414,497	-	-	1,461,354
Public Health Services	-	4,390	-	-	4,390
Leisure Time Activities	-	23,579	-	-	23,579
Community Environment	173,147	-	-	-	173,147
Basic Utility Services	-	11,250	-	-	11,250
Transportation	300	774,623	-	-	774,923
General Government	553,441	16,106	-	-	569,547
Capital Outlay	-	136,229	-	-	136,229
Debt Service:					
Principal Retirement	-	38,680	65,000	-	103,680
Interest and Fiscal Charges	-	-	25,026	-	25,026
	<u>773,745</u>	<u>2,419,354</u>	<u>90,026</u>	<u>-</u>	<u>3,283,125</u>
Excess of Receipts Over/(Under) Disbursements	2,495,766	(1,325,523)	(90,026)	-	1,080,217
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Loans Issued	-	41,730	-	-	41,730
Transfers-In	-	1,690,500	89,596	-	1,780,096
Transfers-Out	(1,780,096)	-	-	-	(1,780,096)
Other Financing Sources	-	1,300	33,760	-	35,060
Other Financing Uses	-	(310)	(190)	-	(500)
	<u>(1,780,096)</u>	<u>1,733,220</u>	<u>123,166</u>	<u>-</u>	<u>76,290</u>
Net Change in Fund Cash Balances	715,670	407,697	33,140	-	1,156,507
Fund Cash Balances, January 1	<u>2,687,416</u>	<u>1,325,776</u>	<u>620</u>	<u>2,560</u>	<u>4,016,372</u>
Fund Cash Balances, December 31	<u>\$ 3,403,086</u>	<u>\$ 1,733,473</u>	<u>\$ 33,760</u>	<u>\$ 2,560</u>	<u>\$ 5,172,879</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, 2022**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	3,117,565
Total Operating Cash Receipts	3,117,565
Operating Cash Disbursements:	
Current:	
Personal Services	574,627
Employee Fringe Benefits	224,216
Contractual Services	523,978
Supplies and Materials	257,046
Other	54,702
Total Operating Cash Disbursements	1,634,569
Operating Income (Loss)	1,482,996
Non-Operating Receipts (Disbursements):	
Intergovernmental Receipts	12,000
Earnings on Investments	38
Miscellaneous Receipts	4,643
Capital Outlay	(437,225)
Principal Retirement	(1,281,062)
Interest and Other Fiscal Charges	(147,169)
Total Non-Operating Receipts (Disbursements)	(1,848,775)
Income (Loss) before Transfers	(365,779)
Transfers In	717,169
Transfers Out	(717,169)
Advances In	1,629,020
Advances Out	(1,629,020)
Total Transfers and Advances	-
Net Change in Fund Cash Balances	(365,779)
Fund Cash Balances, January 1	11,529,406
Fund Cash Balances, December 31	\$ 11,163,627

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, 2022

Note 1 – Reporting Entity

The Village of Hebron (the Village), Licking 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. The Village was incorporated in 1835. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street services, park operations, and police services. The Village also owns and maintains a cemetery.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Highway Fund The highway fund accounts for and reports the state gasoline tax and motor vehicle licenses registration fees restricted for State highway expenses.

Cemetery Fund The cemetery fund accounts for and reports the sale of cemetery lots, along with burial opening and closing fees.

Parks and Recreation Fund The park and recreation fund accounts for and reports any donations, park rental fees, and general fund transfers that are committed to the parks.

Federal/FEMA Grant Fund The FEMA grant fund accounts for any federal/FEMA grants that may be awarded to the Village.

OPWC/State Grant Fund The OPWC/State grant fund accounts for any OPWC and or State monies that may be awarded to the Village.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Library Fund This fund receives accounts for and reports donations and general fund transfers that are committed to the Library.

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:

Fire Department Building Bond Fund This fund receives transfers to pay for bonded debt for the fire department building/station.

Water Bond Fund This fund receives water department transfers to pay for the bonded debt for the water department.

Sewer Bond Fund This fund receives wastewater department transfers to pay for the bonded debt for the wastewater department.

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

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

Sewer Pretreatment Fund This fund receives charges for services from businesses to cover the cost of providing pretreatment services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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).

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,244,275	\$3,269,511	\$1,025,236
Special Revenue	2,798,584	2,827,361	28,777
Debt Service	823,500	123,356	(700,144)
Enterprise	3,139,500	3,851,415	711,915
Total	\$9,005,859	\$10,071,643	\$1,065,784

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,252,910	\$2,613,164	\$639,746
Special Revenue	3,525,813	2,685,158	840,655
Debt Service	823,690	90,216	733,474
Enterprise	6,390,830	4,217,194	2,173,636
Total	\$13,993,243	\$9,605,732	\$4,387,511

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. A summary of the Village’s deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$15,287,859
Certificates of deposit	307,564
Total deposits	15,595,423
Bonds/Treasury Notes	741,083
Total investments	741,083
Total carrying amount of deposits and investments held in the Pool	16,336,506

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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

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

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

Income Tax

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

Workers' Compensation

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.

Risk Pool Membership

The Government 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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. As of December 31, 2022, PERS provides coverage for 17 full-time employees, 2 Council Member, 2 part-time employees, and 1 Solicitor of the Village. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village’s certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages. As of December 31, 2022, OP&F provides coverage for 9 full-time police employees of the Village. The Village has paid all contributions required through December 31, 2022.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Social Security

4 council members and 1 mayor of the Village contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 8 – Postemployment Benefits

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

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Fire Department Building Bond	\$775,000	3.00%
Water Refunding Bond	\$2,080,000	3.00%
Sewer Refunding Bond	\$565,000	3.00%
OWDA Sewer Loan	\$3,910,839	0.00%
OPWC - West Main Curb/Gutter	\$138,308	0.00%
OPWC - Kelly & Westview	\$63,000	0.00%
OPWC - West North Street Culvert	\$34,000	0.00%
OPWC - Hope Drive & Waterline Ext.	\$41,034	0.00%
Total	<u>\$7,607,181</u>	

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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. In 2019 these bonds were refinanced to lower amount of debt and length of pay off time.

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. In 2019 these bonds were refinanced to lower amount of debt and length of pay off time.

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 Street Culvert relates to culvert replacement and paving on West North Street. This loan will be repaid in annual installments with no interest.

The Ohio Public Works Commission (OPWC) loan for Hope Drive & Waterline Extension relates to the creation of Hope Drive. This loan will be paid in 2023 with no interest.

Amortization

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

Year Ending December 31:	Fire Dept. Building Bond	Water Refunding Bond	Sewer Refunding Bond	OWDA Sewer Loan
2023	\$94,483	\$397,750	\$318,250	\$711,062
2024	91,850	392,500	288,750	711,062
2025	89,720	396,750	-	711,062
2026	92,620	395,000	-	711,062
2027	90,370	391,000	-	711,062
2028-2032	455,160	440,000	-	355,531
Total	<u>\$914,203</u>	<u>\$2,413,000</u>	<u>\$607,000</u>	<u>\$3,910,841</u>

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Year Ending December 31:	OPWC - West Main	OPWC - Kelly & Westview	OPWC West/North St. Culvert Replacement	Hope Drive Roadway & Waterline Ext.
2023	30,735	5,250	2,000	\$41,034
2024	30,735	5,250	2,000	-
2025	30,735	5,250	2,000	-
2026	30,735	5,250	2,000	-
2027	15,368	5,250	2,000	-
2028-2032	-	26,250	10,000	-
2033-2037	-	10,500	10,000	-
2038-2039	-	-	4,000	-
Total	\$138,308	\$63,000	\$34,000	\$41,034

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2022 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including 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:				
Corpus	0	0	2,560	2,560
Outstanding Encumbrances	59,323	265,494	0	324,817
Total	\$59,323	\$265,494	\$2,560	\$327,377

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds 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 and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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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, 2021**

	<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	\$ 186,021	\$ 667,023	\$ -	\$ -	\$ 853,044
Municipal Income Tax	2,474,078	-	-	-	2,474,078
Intergovernmental	82,573	342,368	-	-	424,941
Charges for Services	194	18,912	-	-	19,106
Fines, Licenses, and Permits	52,308	310	-	-	52,618
Earnings on Investments	8,414	297	-	-	8,711
Miscellaneous	26,949	20,864	-	-	47,813
	<u>2,830,537</u>	<u>1,049,774</u>	<u>-</u>	<u>-</u>	<u>3,880,311</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons & Property	149,264	1,346,233	-	-	1,495,497
Public Health Services	-	1,888	-	-	1,888
Leisure Time Activities	-	23,822	-	-	23,822
Community Environment	167,860	-	-	-	167,860
Transportation	360	856,871	-	-	857,231
General Government	559,741	16,967	-	-	576,708
Capital Outlay	16,500	64,835	-	-	81,335
Debt Service:					
Principal Retirement	-	37,985	65,000	-	102,985
Interest and Fiscal Charges	-	-	26,570	-	26,570
	<u>893,725</u>	<u>2,348,601</u>	<u>91,570</u>	<u>-</u>	<u>3,333,896</u>
Total Cash Disbursements					
Excess of Receipts Over/(Under) Disbursements	1,936,812	(1,298,827)	(91,570)	-	546,415
Other Financing Receipts (Disbursements):					
Transfers-In	-	1,501,556	92,000	-	1,593,556
Transfers-Out	(1,593,000)	-	-	-	(1,593,000)
Other Financing Uses	-	(6,378)	-	-	(6,378)
	<u>(1,593,000)</u>	<u>1,495,178</u>	<u>92,000</u>	<u>-</u>	<u>(5,822)</u>
Total Other Financing Receipts (Disbursements)					
Net Change in Fund Cash Balances	343,812	196,351	430	-	540,593
Fund Cash Balances, January 1, <i>Restated Note 12</i>	<u>2,343,604</u>	<u>1,129,425</u>	<u>190</u>	<u>2,560</u>	<u>3,475,779</u>
Fund Cash Balances, December 31	<u>\$ 2,687,416</u>	<u>\$ 1,325,776</u>	<u>\$ 620</u>	<u>\$ 2,560</u>	<u>\$ 4,016,372</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, 2021**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	3,363,555
Fines, Licenses, and Permits	1,260
	3,364,815
Total Operating Cash Receipts	3,364,815
Operating Cash Disbursements:	
Current:	
Personal Services	523,583
Employee Fringe Benefits	249,804
Contractual Services	473,262
Supplies and Materials	241,850
Other	44,644
	1,533,143
Total Operating Cash Disbursements	1,533,143
Operating Income (Loss)	1,831,672
Non-Operating Receipts (Disbursements):	
Earnings on Investments	135
Miscellaneous Receipts	4,765
Capital Outlay	(462,460)
Principal Retirement	(1,256,061)
Interest and Other Fiscal Charges	(175,244)
	(1,888,865)
Total Non-Operating Receipts (Disbursements)	(1,888,865)
Income (Loss) before Transfers	(57,193)
Transfers In	625,318
Transfers Out	(625,318)
	-
Total Transfers	-
Net Change in Fund Cash Balances	(57,193)
Fund Cash Balances, January 1, <i>Restated Note 12</i>	11,586,599
Fund Cash Balances, December 31	\$ 11,529,406

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, 2021**

	Fiduciary Fund Type
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	615
Total Additions	615
Deductions	
Distributions to Other Governments	59
Other Distributions	556
Total Deductions	615
Net Change in Fund Cash Balances	-
Fund Cash Balances, January 1	-
Fund Cash Balances, December 31	\$ -

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, 2021

Note 1 – Reporting Entity

The Village of Hebron (the Village), Licking 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. The Village was incorporated in 1835. A publicly-elected six-member Council directs the Village. The Village provides various services including police protection, parks and recreation, planning, zoning, street maintenance, and other government services. In 2020 The Village provided fire protection services for the first quarter, with the fire department creating a Fire District (Refugee Canyon Fire District) to become its own entity for the remainder of 2020. 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.

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 all organized on a fund type basis.

Fund Accounting

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

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

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

Street 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 and general fund transfers that are committed to the Street, Maintenance (Public Works) Fund.

Highway Fund The highway fund accounts for and reports the state gasoline tax and motor vehicle licenses registration fees restricted for State highway expenses.

Cemetery Fund The cemetery fund accounts for and reports the sale of cemetery lots, along with burial opening and closing fees.

Parks and Recreation Fund The park and recreation fund accounts for and reports any donations, park rental fees, and general fund transfers that are committed to the parks.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Federal/FEMA Grant Fund The FEMA grant fund accounts for any federal/FEMA grants that may be awarded to the Village.

OPWC/State Grant Fund The OPWC/State grant fund accounts for any OPWC and or State monies that may be awarded to 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.

Mayor's Court Computer Fund This fund receives funds generated from Mayor's Court which is dedicated to the Villages Mayor's Court Computer Fund. In January of 2021 The Mayor's Court for the Village of Hebron was dissolved.

Library Fund This fund receives accounts for and reports donations and general fund transfers that are committed to the Library.

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:

Fire Department Building Bond Fund This fund receives transfers to pay for bonded debt for the fire department building/station.

Water Bond Fund This fund receives water department transfers to pay for the bonded debt for the water department.

Sewer Bond Fund This fund receives wastewater department transfers to pay for the bonded debt for the wastewater department.

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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Sewer Pretreatment Fund This fund receives charges for services from businesses to cover the cost of providing pretreatment services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,013,300	\$2,830,537	\$817,237
Special Revenue	2,731,750	2,551,330	(180,420)
Debt Service	823,500	92,000	(731,500)
Enterprise	2,949,400	3,995,033	1,045,633
Total	\$8,517,950	\$9,468,900	\$950,950

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,121,625	\$2,503,194	\$618,431
Special Revenue	3,201,033	2,554,958	646,075
Debt Service	817,500	91,570	725,930
Enterprise	4,783,630	4,052,226	731,404
Total	\$11,923,788	\$9,201,948	\$2,721,840

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. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$14,497,976
Certificates of deposit	306,719
Total deposits	14,804,695
Bonds/Treasury Notes	741,083
Total investments	741,083
Total carrying amount of deposits and investments held in the Pool	15,545,778

Deposits

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

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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.

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

Income Tax

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

Risk Pool Membership

The Government 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.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(\$15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. As of December 31, 2021, PERS provides coverage for 18 full-time employees, 1 Council Member, 2 part-time employees, and 1 Solicitor of the Village. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. As of December 31, 2021, OP&F provides coverage for 9 full-time police employees of the Village. The Village has paid all contributions required through December 31, 2021.

Social Security

5 council members and 1 mayor of the Village contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

They contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Fire Department Building Bond	\$840,000	3.00%
Water Refunding Bond	\$2,375,000	3.00%
Sewer Refunding Bond	\$840,000	3.00%
OWDA Sewer Loan	\$4,621,901	0.00%
OPWC - West Main Curb/Gutter	\$169,042	0.00%
OPWC - Kelly & Westview	\$68,250	0.00%
OPWC - West North Street Culvert	36,000	0.00%
Total	<u>\$8,950,193</u>	

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. In 2019 these bonds were refinanced to lower amount of debt and length of pay off time.

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. In 2019 these bonds were refinanced to lower amount of debt and length of pay off time.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 Street Culvert relates to culvert replacement and paving on West North Street. This loan will be repaid in annual installments with no interest.

Amortization

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

Year Ending December 31:	Fire Dept. Building Bond	Water Refunding Bond	Sewer Refunding Bond	OWDA Sewer Loan
2022	\$90,026	\$402,500	\$317,000	\$711,062
2023	94,483	397,750	318,250	711,062
2024	91,850	392,500	288,750	711,062
2025	89,720	395,750	-	711,062
2026	92,620	395,000	-	711,062
2027-2031	457,810	831,000	-	1,066,591
2032-2034	87,720	-	-	-
Total	<u>\$1,004,229</u>	<u>\$2,814,500</u>	<u>\$924,000</u>	<u>\$4,621,901</u>

Year Ending December 31:	OPWC - West Main	OPWC - Kelly & Westview	OPWC West/North St. Culvert Replacement
2022	\$30,735	\$5,250	\$2,000
2023	30,735	5,250	2,000
2024	30,735	5,250	2,000
2025	30,735	5,250	2,000
2026	30,735	5,250	2,000
2027-2031	15,367	26,250	10,000
2032-2036	-	15,750	10,000
2037-2039	-	-	6,000
Total	<u>\$169,042</u>	<u>\$68,250</u>	<u>\$36,000</u>

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Village of Hebron, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	0	0	2,560	2,560
Outstanding Encumbrances	<u>17,189</u>	<u>199,979</u>	<u>0</u>	<u>217,168</u>
<i>Total</i>	<u>\$17,189</u>	<u>\$199,979</u>	<u>\$2,560</u>	<u>\$219,728</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds 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 and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Beginning Balance Restatement

The Village recorded fund balance adjustments when voiding prior year outstanding checks and adjusted balances for errors in posting of prior period adjustments, which affected the beginning fund balances for the General and Enterprise funds as follows:

	<u>General</u>	<u>Enterprise</u>
2021 Beginning Fund Balances	\$ 2,335,867	\$ 11,565,650
Voiding Prior Period Disbursements	7,737	2,604
Correction of Prior Period Errors	-	18,345
2021 Restated Beginning Fund Balances	<u>\$ 2,343,604</u>	<u>\$ 11,586,599</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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022 and 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, 2021 and the related notes to the financial statements of the Village of Hebron, Licking County, (the Village) and have issued our report thereon dated August 31, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

Report on Compliance and Other Matters

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

Village's Response to Findings

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

Purpose of This Report

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



BHM CPA Group, Inc.
Piketon, Ohio
August 31, 2023

VILLAGE OF HEBRON
LICKING COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDING NUMBER 2022-001

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. Mistatements were noted in the following areas:

- Transfers In
- Transfers Out
- Advance Out
- Advances Out
- Miscellaneous Receipts
- Capital Outlay
- Loans Issued
- Principal Retirement
- Interest and Other Fiscal Charges
- Corrections and updates were made to the notes to the financial statements.

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, 2022 AND 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2020-001	Sound Financial Reporting – Significant Deficiency	No	Reissued as Finding 2022-001

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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 11/16/2023

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