

OHIO AUDITOR OF STATE
KEITH FABER



Local Government Services
88 East Broad Street, Fourth Floor
Columbus, Ohio 43215-3506
(614) 466-4717 or (800) 345-2519
ContactLGS@ohioauditor.gov

Ohio GFOA 35th Annual Conference

OCBOA REPORTING

Handouts

David Thompson
Chief, Local Government Services

October 5, 2022

THIS OPINION SHELL MUST BE USED FOR 12-31-21 & SUBSEQUENT FYEs.

Unmodified Report on Modified Cash Basis (OCBOA) Statements Accompanied by Supplementary and Other Information – GASB Format

Click here for instructions on how to fill in entity specific parameters within this document

INDEPENDENT AUDITOR'S REPORT*1

Entity Name
County Name
Street Address
City, Ohio Zip Code

To the Governing Body:

Report on the Audit of the Financial Statements

Opinions²

We have audited the modified cash-basis³ financial statements of the governmental activities, business-type activities, the **[aggregate]** discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the Entity Name, County Name, Ohio (the Entity)⁴, as of and for the year ended FYE Date, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, the **[aggregate]** discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the Entity, as of FYE Date, and the respective changes in modified cash-basis financial position **and where applicable cash flows⁵** thereof and the **respective** <<DELETE "respective" if only one budgetary fund comparison budgetary comparison for the General and [list major special revenue funds]⁶ for the year then ended in accordance with the modified cash-basis of accounting described in Note X.

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 Entity, 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.

Emphasis of Matter - Accounting Basis

Use the following paragraph only for governments required to follow GAAP:

Ohio Administrative Code § 117-2-03(B) requires the Entity to prepare its annual financial report in

* Updated April 2022 for SAS 134 – SAS 140.

accordance with accounting principles generally accepted in the United States of America. We draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Use the following paragraph if the government need not follow GAAP:

We draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Use the following paragraph the first year the government adopts OCBOA:

Emphasis of Matter

As discussed in Note X to the financial statements, during 20XX, the Entity has elected to change its financial presentation to a modified cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Our opinion is not modified with respect to this matter.

Use the following paragraph the first year the government adopts a GASB statement, but **only** if materially effects its statements:

As discussed in Note X to the financial statements, during 20XX, the Entity adopted new accounting guidance in Governmental Accounting Standards Board Statement No. XX, [include name of GASB in italics]. Our opinion is not modified with respect to 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 modified cash basis of accounting described in Note X, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 Entity'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 *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.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

THIS OPINION LETTER MUST BE USED FOR 12-31-21 & SUBSEQUENT FYEs.

Dual ("Adverse" / Unmodified) Opinion on Financial Statements Prepared in Accordance with the Auditor of State's Accounting Basis

Click here for instructions on how to fill in entity specific parameters within this document

INDEPENDENT AUDITOR'S REPORT†

Entity Name
County Name
Street Address
City, Ohio Zip Code

To the Governing Body:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Entity Name, County Name¹, Ohio (the Entity), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the 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 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 X.

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 Entity, as of FYE Date, or the changes in financial position or, where applicable, cash flows² thereof for the year then ended.

† Updated April 2022 for SAS 134 – SAS 140.

Efficient • Effective • Transparent

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 Entity, 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 X of the financial statements, the financial statements are prepared by Entity 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 X and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

THIS OPINION LETTER MUST BE USED FOR 12-31-21 & SUBSEQUENT FYEs.

Adverse Opinion for Governments Required to Follow GAAP¹, But that Instead Use the Auditor of State's Accounting Basis

Click here for instructions on how to fill in entity specific parameters within this document

INDEPENDENT AUDITOR'S REPORT[†]

Entity Name
County Name
Street Address
City, Ohio Zip Code

To the Governing Body:

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Entity Name, County Name², Ohio (the Entity), as of and for the year ended December 31, 2021, and related notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Financial Statements as a Whole* section of our report, the accompanying 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 Entity, as of FYE Date, or the changes in financial position or, where applicable, cash flows³ thereof for the year then ended.

Basis for Adverse Opinion on the Financial Statements as a Whole

As described in Note X of the financial statements, the financial statements are prepared by the Entity on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note X and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material and pervasive.

[†] Updated April 2022 for SAS 134 – SAS 140.

Efficient • Effective • Transparent

*Statement of Net Position - Cash Basis
December 31, 2021*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$3,358,005</u>	<u>\$2,627,880</u>	<u>\$5,985,885</u>
Net Position			
Restricted for:			
Capital Projects	\$56,968	\$0	\$56,968
Other Purposes	2,486,790	0	2,486,790
Unrestricted	<u>814,247</u>	<u>2,627,880</u>	<u>3,442,127</u>
<i>Total Net Position</i>	<u>\$3,358,005</u>	<u>\$2,627,880</u>	<u>\$5,985,885</u>

See accountant's compilation report
See accompanying notes to the basic financial statements

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2021*

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Operating Assessments	Operating Grants and Contributions
Governmental Activities			
Current:			
General Government	\$706,168	\$67,691	\$0
Security of Persons and Property	828,220	10,484	3,358
Public Health Services	128,322	50,545	71,820
Leisure Time Activities	65,489	5,714	2,350
Basic Utility Services	5,882	445	0
Transportation	643,284	4,148	288,546
Capital Outlay	448,210	0	0
Debt Service:			
Principal Retirement	30,238	0	0
Interest and Fiscal Charges	7,081	0	0
<i>Total Governmental Activities</i>	<u>2,862,894</u>	<u>139,027</u>	<u>366,074</u>
Business-Type Activities			
Water	956,807	777,965	0
Sewer	1,063,988	782,419	0
<i>Total Business-Type Activities</i>	<u>2,020,795</u>	<u>1,560,384</u>	<u>0</u>
Total	<u>\$4,883,689</u>	<u>\$1,699,411</u>	<u>\$366,074</u>

General Receipts

Property Taxes Levied for:

General Purposes

Other Purposes

Income Taxes Levied for:

General Purposes

Other Purposes

Hotel Taxes

Intergovernmental

Contributions and Donations

Interest

Miscellaneous

Bond Proceeds

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accountant's compilation report
See accompanying notes to the basic financial statements

Net Receipts (Disbursements) and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$638,477)	\$0	(\$638,477)
(814,378)	0	(814,378)
(5,957)	0	(5,957)
(57,425)	0	(57,425)
(5,437)	0	(5,437)
(350,590)	0	(350,590)
(448,210)	0	(448,210)
(30,238)	0	(30,238)
(7,081)	0	(7,081)
(2,357,793)	0	(2,357,793)
0	(178,842)	(178,842)
0	(281,569)	(281,569)
0	(460,411)	(460,411)
(2,357,793)	(460,411)	(2,818,204)
112,790	0	112,790
92,839	0	92,839
963,989	0	963,989
481,995	481,995	963,990
22,293	0	22,293
273,774	66,882	340,656
2,040	0	2,040
1,204	511	1,715
42,512	8,607	51,119
310,000	0	310,000
2,303,436	557,995	2,861,431
(54,357)	97,584	43,227
3,412,362	2,530,296	5,942,658
\$3,358,005	\$2,627,880	\$5,985,885

See accountant's compilation report

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021*

	General	Street Levy	Police Operations	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$798,529	\$1,286,737	\$238,379	\$1,034,360	\$3,358,005
Fund Balances					
Restricted	\$0	\$1,286,737	\$238,379	\$1,018,642	\$2,543,758
Committed	0	0	0	15,718	15,718
Assigned	667,338	0	0	0	667,338
Unassigned	131,191	0	0	0	131,191
<i>Total Fund Balances</i>	<u>\$798,529</u>	<u>\$1,286,737</u>	<u>\$238,379</u>	<u>\$1,034,360</u>	<u>\$3,358,005</u>

See accountant's compilation report
See accompanying notes to the basic financial statements

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Street Levy	Police Operations	Other Governmental Funds	Total Governmental Funds
Receipts					
Income Taxes	\$963,989	\$481,995	\$0	\$0	\$1,445,984
Property Taxes	112,790	0	77,504	15,335	205,629
Hotel Taxes	22,293	0	0	0	22,293
Charges for Services	42,144	0	0	56,816	98,960
Fines, Licenses and Permits	32,941	0	0	840	33,781
Intergovernmental	149,867	0	1,534	486,097	637,498
Special Assessments	546	0	0	0	546
Rent	0	0	0	5,740	5,740
Contributions and Donations	2,040	0	0	2,350	4,390
Interest	492	268	118	326	1,204
Miscellaneous	23,284	0	10,842	8,386	42,512
Total Receipts	1,350,386	482,263	89,998	575,890	2,498,537
Disbursements					
Current:					
General Government	706,168	0	0	0	706,168
Security of Persons and Property	60,964	0	747,027	20,229	828,220
Public Health Services	1,401	0	0	126,921	128,322
Leisure Time Activities	62,438	0	0	3,051	65,489
Basic Utility Services	5,882	0	0	0	5,882
Transportation	45,500	421,274	0	176,510	643,284
Capital Outlay	377,482	0	41,667	29,061	448,210
Debt Service:					
Principal Retirement	0	20,800	0	9,438	30,238
Interest and Fiscal Charges	0	3,541	0	3,540	7,081
Total Disbursements	1,259,835	445,615	788,694	368,750	2,862,894
Excess of Receipts Over (Under) Disbursements	90,551	36,648	(698,696)	207,140	(364,357)
Other Financing Sources (Uses)					
Bond Proceeds	310,000	0	0	0	310,000
Transfers In	0	0	615,000	55,000	670,000
Transfers Out	(670,000)	0	0	0	(670,000)
Total Other Financing Sources (Uses)	(360,000)	0	615,000	55,000	310,000
Net Change in Fund Balances	(269,449)	36,648	(83,696)	262,140	(54,357)
Fund Balance Beginning of Year	1,067,978	1,250,089	322,075	772,220	3,412,362
Fund Balance End of Year	\$798,529	\$1,286,737	\$238,379	\$1,034,360	\$3,358,005

See accountant's compilation report
See accompanying notes to the basic financial statements

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Income Taxes	\$984,000	\$984,000	\$963,989	(\$20,011)
Property Taxes	117,002	117,002	112,790	(4,212)
Hotel Taxes	20,000	20,000	11,160	(8,840)
Charges for Services	3,500	3,500	2,100	(1,400)
Fines, Licenses and Permits	54,400	54,400	32,941	(21,459)
Intergovernmental	59,808	59,808	149,867	90,059
Special Assessments	250	250	546	296
Contributions and Donations	0	0	1,600	1,600
Interest	20,000	20,000	480	(19,520)
Miscellaneous	55,750	55,750	22,586	(33,164)
<i>Total Receipts</i>	<u>1,314,710</u>	<u>1,314,710</u>	<u>1,298,059</u>	<u>(16,651)</u>
Disbursements				
Current:				
General Government	1,107,671	1,292,171	749,532	542,639
Security of Persons and Property	132,000	132,000	75,353	56,647
Public Health Services	2,000	2,000	1,401	599
Leisure Time Activities	14,900	16,400	10,687	5,713
Basic Utility Services	10,973	10,973	7,540	3,433
Transportation	10,000	45,500	45,500	0
Capital Outlay	155,000	480,000	389,661	90,339
<i>Total Disbursements</i>	<u>1,432,544</u>	<u>1,979,044</u>	<u>1,279,674</u>	<u>699,370</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(117,834)</u>	<u>(664,334)</u>	<u>18,385</u>	<u>682,719</u>
Other Financing Sources (Uses)				
Bond Proceeds	0	325,000	310,000	(15,000)
Transfers Out	(670,000)	(670,000)	(670,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(670,000)</u>	<u>(345,000)</u>	<u>(360,000)</u>	<u>(15,000)</u>
<i>Net Change in Fund Balance</i>	<u>(787,834)</u>	<u>(1,009,334)</u>	<u>(341,615)</u>	<u>667,719</u>
<i>Fund Balance Beginning of Year</i>	900,678	900,678	900,678	0
Prior Year Encumbrances Appropriated	156,692	156,692	156,692	0
<i>Fund Balance End of Year</i>	<u>\$269,536</u>	<u>\$48,036</u>	<u>\$715,755</u>	<u>\$667,719</u>

See accountant's compilation report
See accompanying notes to the basic financial statements

*Statement of Fund Net Position - Cash Basis
Enterprise Funds
December 31, 2021*

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$430,621	\$2,197,259	\$2,627,880
Net Position			
Unrestricted	\$430,621	\$2,197,259	\$2,627,880

See accountant's compilation report
See accompanying notes to the basic financial statements

*Statement of Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2021*

	Business-Type Activities		Total Enterprise Funds
	Water	Sewer	
Operating Receipts			
Charges for Services	\$777,965	\$782,419	\$1,560,384
Other Operating Receipts	4,885	3,722	8,607
<i>Total Operating Receipts</i>	<u>782,850</u>	<u>786,141</u>	<u>1,568,991</u>
Operating Disbursements			
Personal Services	231,404	197,128	428,532
Fringe Benefits	85,884	96,823	182,707
Contractual Services	63,827	603,414	667,241
Materials and Supplies	21,267	31,057	52,324
<i>Total Operating Disbursements</i>	<u>402,382</u>	<u>928,422</u>	<u>1,330,804</u>
<i>Operating Income</i>	<u>380,468</u>	<u>(142,281)</u>	<u>238,187</u>
Non-Operating Receipts (Disbursements)			
Income Taxes	0	481,995	481,995
Intergovernmental	66,882	0	66,882
Interest	103	408	511
Capital Outlay	(216,271)	(58,399)	(274,670)
Principal Retirement	(318,726)	(74,912)	(393,638)
Interest and Fiscal Charges	(19,428)	(2,255)	(21,683)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(487,440)</u>	<u>346,837</u>	<u>(140,603)</u>
<i>Change in Net Position</i>	<u>(106,972)</u>	<u>204,556</u>	<u>97,584</u>
<i>Net Position Beginning of Year</i>	<u>537,593</u>	<u>1,992,703</u>	<u>2,530,296</u>
<i>Net Position End of Year</i>	<u>\$430,621</u>	<u>\$2,197,259</u>	<u>\$2,627,880</u>

See accountant's compilation report
See accompanying notes to the basic financial statements

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit, or savings, or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted previously, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of December 31, 2021, the Village had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)		Percentage of Investments
		Less than 1	2-5	
Money Market Mutual Fund	\$155,190	\$155,190	\$0	N/A
Commercial Paper	99,941	99,941	0	N/A
Nonnegotiable Certificates of Deposit	2,000,000	0	2,000,000	57.03 %
Federal Home Loan Bank Bonds	1,002,522	0	1,002,522	28.59
Federal Farm Credit Bank Bonds	249,000	0	249,000	7.10
Total Investments	\$3,506,653	\$255,131	\$3,251,522	

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

Note 9 – Long-Term Obligations

The interest rate, original issue amount, date of maturity and change for each of the Village’s long-term obligations are as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities			
General Obligation Bond from Direct Placement:			
Series 2017 Truck Acquisition Bonds	3.00 %	\$44,734	2/21/2022
Series 2021 Building Acquisition Bonds	2.25	310,000	8/9/2026
OPWC Loans from Direct Borrowings:			
Canal Street Improvements	0.00	124,500	7/1/2021
2017 Street Improvements	0.00	71,638	7/1/2038
Capital Lease:			
Dump Truck	2.40	44,734	2/21/2022
Business-Type Activities			
OPWC Loans from Direct Borrowings:			
County Road 15 Pump Station	0.00	45,000	7/1/2027
Sewage Collection System Improvements West Street Area	0.00	195,385	7/1/2045
	0.00	150,000	N/A
OWDA Loans from Direct Borrowings:			
Water Treatment Plant	2.00	1,506,553	1/1/2022
Wastewater Treatment Plant Improvements I	2.00	1,166,795	7/1/2027
Wastewater Treatment Plant Improvements II	1.00	3,066,361	1/1/2025
County Road 15 Pump Station	1.00	900,947	1/1/2028
Capital Lease:			
Sewage Jet Truck	2.92	231,800	12/22/2021

	Balance 12/31/20	Increase	Decrease	Balance 12/31/21	Amounts Due In One Year
Governmental Activities					
General Obligation Bond from Direct Placement:					
Series 2017 Truck Acquisition Bonds	\$11,827	\$0	(\$9,426)	\$2,401	\$2,401
Series 2021 Building Acquisition Bonds	0	310,000	0	310,000	59,259
Total General Obligation Bonds from Direct Placement	11,827	310,000	(9,426)	312,401	61,660
OPWC Loans from Direct Borrowings:					
Canal Street Improvements	7,781	0	(7,781)	0	0
2017 Street Improvements	64,474	0	(3,581)	60,893	3,581
Total OPWC Loans from Direct Borrowings	72,255	0	(11,362)	60,893	3,581
Capital Lease:					
Dump Truck	11,053	0	(9,450)	1,603	1,603
Total Governmental Activities	\$95,135	\$310,000	(\$30,238)	\$374,897	\$66,844
Business-Type Activities					
OPWC Loans from Direct Borrowings:					
County Road 15 Pump Station	\$15,750	\$0	(\$2,250)	\$13,500	\$2,250
Sewage Collection System Improvements West Street Area	162,821	0	(6,512)	156,309	6,512
	6,385	0	0	6,385	0
Total OPWC Loans from Direct Borrowings	184,956	0	(8,762)	176,194	8,762
OWDA Loans from Direct Borrowings:					
Water Treatment Plant	112,738	0	(74,912)	37,826	37,826
Wastewater Treatment Plant Improvements I	387,096	0	(52,053)	335,043	53,100
Wastewater Treatment Plant Improvements II	744,211	0	(162,505)	581,706	164,135
County Road 15 Pump Station	359,077	0	(46,339)	312,738	46,803
Total OWDA Loans from Direct Borrowings	1,603,122	0	(335,809)	1,267,313	301,864
Capital Lease:					
Sewage Jet Truck	49,067	0	(49,067)	0	0
Total Business-Type Activities	\$1,837,145	\$0	(\$393,638)	\$1,443,507	\$310,626

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

On February 21, 2017, the Village issued \$44,734 in general obligation truck acquisition bonds through direct placement for the purpose of purchasing a dump truck. The bonds were issued with an interest rate of 3 percent. The bonds were issued for a five year period with final maturity on February 21, 2022.

On August 9, 2021 the Village issued \$310,000 in general obligation truck acquisition bonds through direct placement for the purpose of purchasing a building. The bonds were issued with an interest rate of 2.25 percent. The bonds were issued for a five year period with final maturity on August 9, 2026.

Two loans from the Ohio Public Works Commission (OPWC) are for street improvements to be repaid in semi-annual installments over 15 to 20 years. Three more loans from the Ohio Public Works Commission are for pump station and sewage collection improvements, as well as the replacement of water and sewer lines and storm drains to be repaid in semi-annual installments over 20 and 30 years, respectively.

The Village's outstanding OPWC loans from direct borrowings related to governmental and business-type activities of \$60,893 and \$176,194, respectively, contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the Village's share of the county undivided local government fund, and (2) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The Village has four loans outstanding with the Ohio Water Development Authority (OWDA). One loan deals with the construction of the Water Treatment Plant, which will be repaid over a period of 25 years. Two of the loans relate to improvements made to the Wastewater Treatment Plant and will be paid off over 25 and 20 years, respectively. The fourth loan is for projects related to the pump station and will be paid over a period of 20 years.

The Village's outstanding OWDA loans from direct borrowings of \$1,267,313 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of one percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the Village shall continue to pay an additional late charge of one percent on the amount of the default until such charges are paid.

The Village entered into a capital lease in 2017 for the purpose of obtaining a dump truck to be repaid in annual installments over 5 years.

The Village entered into a capital lease in 2017 for the purpose of obtaining a sewage jet truck to be repaid in annual installments over 5 years.

The Village leases these vehicles under noncancelable leases. The Village disbursed \$60,155 to pay lease costs for the year ended December 31, 2021. The dump truck has one remaining payment in 2022 in the amount of \$1,609 and the sewage jet truck was paid in full during 2021.

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

The following is a summary of the Village's future annual principal and interest requirements for its other long-term obligations:

	Governmental Activities				
	From Direct Placement		From Direct Borrowings		
	General Obligation Bonds		OPWC Loans	Capital Leases	
	Principal	Interest	Principal	Principal	Interest
2022	\$61,660	\$6,659	\$3,581	\$1,603	\$6
2023	60,600	5,306	3,582	0	0
2024	61,961	3,944	3,582	0	0
2025	63,373	2,533	3,582	0	0
2026	64,807	1,099	3,582	0	0
2027-2031	0	0	17,909	0	0
2032-2036	0	0	17,910	0	0
2037-2038	0	0	7,165	0	0
Totals	\$312,401	\$19,541	\$60,893	\$1,603	\$6

	Business-Type Activities		
	From Direct Borrowings		
	OPWC Loans	OWDA Loans	
	Principal	Principal	Interest
2022	\$8,762	\$301,864	\$15,612
2023	8,763	267,220	11,673
2024	8,763	270,444	8,449
2025	8,763	188,941	5,181
2026	8,763	106,208	3,142
2027-2031	34,814	132,636	1,622
2032-2036	32,564	0	0
2037-2041	32,564	0	0
2042-2045	26,053	0	0
Totals	\$169,809	\$1,267,313	\$45,679

A line of credit has been established with OPWC in the amount of \$150,000 for improvements to the West Street area. Since this loan payment schedule has not been finalized, the repayment schedule is not included in the schedule of debt service requirements. The outstanding balance of the loan at December 31, 2021, was \$6,385.

The Village has pledged future revenues, net of operating expenses, to repay an OWDA loan in the Village water fund. The debt is payable solely from net revenues and are payable through 2022. Annual principal and interest payments on the debt issues are expected to require less than 29 percent of net revenues and less than 10 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$44,968, total net revenues were \$322,172, and total revenues were \$782,953.

The Village has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the Village sewer fund. The debt is payable solely from net revenues and are payable through 2045. Annual principal and interest payments on the debt issues are expected to require less than 42 percent of net revenues and less than 22 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$1,444,218, total net revenues were \$281,723, and total revenues were \$1,268,544.

The Village's overall legal debt margin was \$5,466,114 with an unvoted margin of \$2,685,444.

Contractual Commitments

The Village had a contractual commitment outstanding at December 31, 2021, related to the West Street area water main, sanitary sewer, and roadway improvements project. The total contract amount was \$903,776 with \$790,776 paid, leaving an amount remaining on the contract of \$113,000. The amount remaining on this contract was encumbered at year end.

The Ohio Revised Code Section 6111.44 requires the Village to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the Village would be responsible to address any public safety issues associated with their waste water treatment facilities. Due to the Village's application of the cash basis of accounting, this long-term obligation is not reported as a liability in the financial statements.

Note 14 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was \$59,358 for 2021.

Social Security

Five of the Village’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 15 – Defined Benefit OPEB Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and

35th Ohio GFOA Annual Conference &
Membership Meeting

OCBOA REPORTING

David B. Thompson
Chief, Local Government Services

OCBOA Reporting

Types of Financial Reporting Frameworks:

- GAAP
- Special Purpose Frameworks:
 - Cash (OCBOA)
 - Modified Cash (OCBOA)
 - Regulatory (AOS)



Ohio Revised Code §117.38

- Ohio law requires that local public offices file their annual financial reports with the Auditor of State

See Bulletin 2015-007 for complete list

- Beginning with 2015 financial report filings, all entities are required to file with the AOS must file electronically via the Hinkle Annual Financial Data Reporting System



Ohio Administrative Code §117-2-03(B)

Requires all counties, cities, school districts (including educational service centers and community schools), government insurance pools, community improvement corporations (including economic development corporations, county land reutilization corporations), and state universities and colleges to prepare financial reports on a GAAP basis



Non-Compliance



- An entity failing to comply with mandated basis of accounting may be subject to non-compliance citations and penalties identified in the ORC
- A public office not mandated to file GAAP financial report may choose a special purpose framework.

Special Purpose Framework



- Many local governments maintain their internal accounting records and prepare their annual financial statements using a *Special Purpose Framework* Other Comprehensive Basis of Accounting (OCBOA) as defined in U.S. Auditing Standards AU-C800
- AOS Bulletin 2015-007 sets forth guidance for the type of financial reporting and filing requirements
- AICPA Practice Aid—applying *Special Purpose Framework* in state and local governmental financial statements

Special Purpose Framework (cont'd)

In Ohio, there are primarily 3 types of special purpose framework financial reports:

- OCBOA Cash Basis (look-alike)
- OCBOA Modified Cash Basis (look-alike)
- Regulatory Cash (NOT a look-alike)

OCBOA
Cash

OCBOA
Modified Cash

Regulatory
Cash

Efficient • Effective • Transparent

7

OCBOA (Cash and Modified Cash)

OCBOA Cash Basis or OCBOA Modified Cash Basis financial statements are presented using the same structure as GAAP (Generally Accepted Accounting Principles) financial statements; and therefore, are also referred to as “GAAP Look-Alike” statements



Efficient • Effective • Transparent

8

OCBOA Cash Basis Statements

Managements Discussion and Analysis (MD&A) (optional, but strongly encouraged)
Entity-wide Statements: <ul style="list-style-type: none"> • Statement of Net Position – Cash (governmental and business type) • Statement of Activities – Cash (government and business type)
Fund Statements
Governmental Funds: <ul style="list-style-type: none"> • Statement of Cash Basis Assets and Fund Balances • Statement of Cash Receipts, Cash Disbursements, and Change in Cash Basis of Fund Balances • Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balances – Budget and Actual (general and any major special revenue fund) • Statement of Cash Basis Assets and Fund Balances • Statement of Cash Receipts, Cash Disbursements, and Change in Cash Basis of Fund Balances • Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balances – Budget and Actual (general and any major special revenue fund)
Proprietary Funds: <ul style="list-style-type: none"> • Statement of Net Position – Cash (proprietary funds) • Statement of Cash Receipts, Cash Disbursements and Change in Net Cash position – Proprietary Funds
Other
Notes to the Financial Statements

Efficient • Effective • Transparent

9

Primary Differences Between Cash and Modified Cash Statements (cont'd)

Items considered for modification:

- Receivables resulting from an outflow of cash (inter-fund loans)
- Investments in marketable securities resulting from outflow of cash
- Inventories acquired resulting in an outflow of cash
- Capital Assets arising from cash transactions and depreciation
- Deferred outflows/inflows resulting from cash transactions
- Liabilities resulting from short-term or long-term borrowing or other cash transactions
- Any other material assets, liabilities, revenues or expenses resulting from cash transactions or events



NOT Reported on Modified Cash Basis

- Accounts receivables, sold when no cash inflow
- Grant/other receivable
- Inter-fund receivables no cash inflows/outflows
- Investments for which cash is provided or goods involved
- Donated assets or Leases received when bills are provided when cash is provided or goods involved
- Donated assets or Leases received when bills are provided when cash is provided or goods involved
- Donated assets or Leases received when bills are provided when cash is provided or goods involved



NOT Reported on Modified Cash Basis (cont'd)

- Accounts receivable for services provided when no cash inflow
- Accrued Cost of Other Accrued
- Long-Term contracts when no cash inflow
- Adjusting maintenance recording adjustment
- Derivative Instruments when cash inflow
- resulting from outflows
- Expense, or
- OPEB liabilities
- to fair value by
- Value Changes



Footnotes to the Financial Statements

- Footnotes are required for all financial reports prepared and filed by the local government
- Included in all reports filed on the Hinkle System
- Footnotes should communicate information necessary for the fair presentation of the financial statements that are not presented on the financial statements
- Governmental Accounting Start Board requires specific disclosures for various types of activities or balances that are significant to the government
- AOS shells reflect example required disclosures for AOS regulatory basis reporting. Administration determines GASB elements to include in AOS basis as each GASB is adopted.

Efficient • Effective • Transparent 16

Types of Opinions

- Nature of Matter Giving Rise to the Modification
 - Auditor's professional judgment about the pervasiveness of the effects or possible effects on the financial statements
 - Material, but not pervasive
 - Material and pervasive
- Financial Statements are Materially Misstated
 - Qualified Opinion
 - Adverse Opinion
- Inability to Obtain Sufficient Appropriate Audit Evidence
 - Qualified Opinion
 - Disclaimer of Opinion

Efficient • Effective • Transparent 17



Determination of Modified Opinions

Material Effects in the Financial Statements:

- When information such as a misstatement can effect the decisions of the users of financial statement
- Materially is set during the audit

Pervasive Effects on Financial Statements:

- Not confined to specific elements, accounts or items of the financial statements
- If confined, it represents or could represent a substantial proportion of the financial statements
- Disclosures are fundamental to the users' understanding of the financial statements

Quantitative and qualitative factors

Efficient • Effective • Transparent 18

Regulatory Opinion



- GAAP Mandated Entities
 - Adverse opinion issued if reporting on Regulatory Basis
- Non-GAAP Mandated Entities
 - Dual Opinion
 - Adverse for not reporting on GAAP Basis
 - Opinion on Regulatory Basis

NOTE:

OCBOA Cash / Modified Cash is GAAP look-alike and entities that file OCBOA do not receive a dual opinion



David B. Thompson
Chief, Local Government Services

88 East Broad Street
(614) 466-4717

contactlgs@ohioauditor.gov


