



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF MOUNT BLANCHARD  
HANCOCK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021 .....	6
Notes to the Financial Statements For the Year Ended December 31, 2021 .....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020 .....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2020 .....	16
Notes to the Financial Statements For the Year Ended December 31, 2020 .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	26
Schedule of Findings .....	28
Summary Schedule of Prior Audit Findings (Prepared by Management) .....	30

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**INDEPENDENT AUDITOR'S REPORT**

Village of Mount Blanchard  
Hancock County  
103 East Clay Street, P.O. Box 333  
Mount Blanchard, Ohio 45867-0333

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Mount Blanchard, Hancock County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 12 to the 2021 financial statements and Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***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 July 13, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 13, 2022

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**Village of Mount Blanchard  
Hancock County**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$42,184	\$11,100		\$53,284
Municipal Income Tax	76,820			76,820
Intergovernmental	36,216	60,328	\$6,897	103,441
Special Assessments		228	10,181	10,409
Charges for Services		25,118		25,118
Fines, Licenses and Permits	348			348
Earnings on Investments	1,072	289		1,361
Miscellaneous	6,476	490	2,160	9,126
<i>Total Cash Receipts</i>	<u>163,116</u>	<u>97,553</u>	<u>19,238</u>	<u>279,907</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		1,451		1,451
Leisure Time Activities		55,259	10,211	65,470
Basic Utility Services	1,500			1,500
Transportation		25,574		25,574
General Government	129,983	24,595	14	154,592
Capital Outlay			281	281
Debt Service:				
Principal Retirement	59			59
<i>Total Cash Disbursements</i>	<u>131,542</u>	<u>106,879</u>	<u>10,506</u>	<u>248,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,574</u>	<u>(9,326)</u>	<u>8,732</u>	<u>30,980</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>		
<i>Net Change in Fund Cash Balances</i>	21,574	674	8,732	30,980
<i>Fund Cash Balances, January 1</i>	<u>112,329</u>	<u>155,311</u>	<u>25,698</u>	<u>293,338</u>
<i>Fund Cash Balances, December 31</i>	<u>\$133,903</u>	<u>\$155,985</u>	<u>\$34,430</u>	<u>\$324,318</u>

See accompanying notes to the basic financial statements

**Village of Mount Blanchard  
Hancock County**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2021

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$230,980</u>
<i>Total Operating Cash Receipts</i>	<u>230,980</u>
<b>Operating Cash Disbursements</b>	
Personal Services	51,120
Employee Fringe Benefits	7,953
Contractual Services	26,289
Supplies and Materials	<u>16,633</u>
<i>Total Operating Cash Disbursements</i>	<u>101,995</u>
<i>Operating Income</i>	<u>128,985</u>
<b>Non-Operating Disbursements</b>	
Capital Outlay	(2,876)
Principal Retirement	(54,346)
Interest and Other Fiscal Charges	<u>(54,387)</u>
<i>Total Non-Operating Disbursements</i>	<u>(111,609)</u>
<i>Income before Capital Contributions</i>	17,376
Capital Contributions	<u>2,375</u>
<i>Net Change in Fund Cash Balances</i>	19,751
<i>Fund Cash Balances, January 1</i>	<u>570,811</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$590,562</u></u>

*See accompanying notes to the basic financial statements*

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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**Note 1 – Reporting Entity**

The Village of Mount Blanchard (the Village), Hancock County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. Fire protection services are provided to the Village by Delaware Township.

***Public Entity Risk Pool***

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Pool Fund*** The pool fund accounts for and reports charges for services that are restricted for the construction, maintenance, and repair of the pool.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Park Grant Fund*** This fund receives grants for the construction, maintenance, and repair of the parks.

***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:

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund 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 canceled, and reappropriated in the subsequent year.

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.

***Accumulated Leave***

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

**Village of Mount Blanchard  
Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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**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.

**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	\$128,957	\$163,116	\$34,159
Special Revenue	104,008	107,553	3,545
Capital Projects	10,000	19,238	9,238
Enterprise	229,108	233,355	4,247
Total	\$472,073	\$523,262	\$51,189

**Village of Mount Blanchard  
Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,854	\$141,542	\$10,312
Special Revenue	174,629	106,879	67,750
Capital Projects	35,699	10,506	25,193
Enterprise	248,508	213,604	34,904
Total	<u>\$610,690</u>	<u>\$472,531</u>	<u>\$138,159</u>

**Note 4 – Deposits**

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
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$226,889
Other time deposits (savings and NOW accounts)	687,991
Total deposits	<u>\$914,880</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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**Income Taxes**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (the latest information available):

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**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.

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

OPERS offers 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.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$996,000	4.13%
Ohio Water Development Authority Loan #4947	337,854	1.50%
Ohio Water Development Authority Loan #6612	356,572	2.00%
Ohio Public Works Commission Loan #CM24N	115,757	0.00%
Total	<u>\$1,806,183</u>	

The Wastewater Treatment Plant and Collection System Mortgage Revenue bonds were entered into for the purpose of financing the installation of a sanitary sewer system project the Ohio Environmental Protection Agency mandated for the Village in 2010. The debt has 4.125% interest rate and is scheduled to be paid in full in 2050. Sewer receipts collateralize the bond. The Village has agreed to set up utility rates sufficient to cover USDA debt service requirements.



**Village of Mount Blanchard  
Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

The Ohio Water Development Authority (OWDA) loan #4947 relates to the planning of a sanitary sewer system project the Ohio Environmental Protection Agency mandated. The OWDA financed \$505,370 in loans and capitalized interest to the Village for this project at an interest rate of 1.5%. The Village will repay the loan in semiannual installments of \$10,491, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6612 was entered into for the new water tower and distribution system improvements. The OWDA will finance up to \$436,454 to the Village for this project at an interest rate of 2%. The Village will repay the loan in semiannual installments of \$9,709, including interest, over 30 years. Water tower receipts will collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CM24N relates to the water meter installation project. The OPWC financed \$165,367 in loan to the Village for this project with no interest. The Village will repay the loan in semiannual installments of \$2,756 over 30 years.

**Amortization**

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

Year Ending December 31:	USDA	OWDA Loan	OWDA Loan	OPWC Loan
	Mortgage Revenue Bond	#4947	#6612	#CM24N
2022	\$59,085	\$20,981	\$19,417	\$5,512
2023	59,343	20,981	19,417	5,512
2024	59,559	20,981	19,417	5,512
2025	59,734	20,981	19,417	5,512
2026	59,868	20,981	19,417	5,512
2027-2031	296,148	104,907	97,087	27,561
2032-2036	297,881	104,907	97,087	27,561
2037-2041	298,345	73,435	97,087	27,561
2042-2046	298,219		58,252	5,514
2047-2050	238,688			
Total	<u>\$1,726,870</u>	<u>\$388,154</u>	<u>\$446,598</u>	<u>\$115,757</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned.

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2021

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**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding in the form of Local Fiscal Recovery Fund monies. 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 emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**Note 13 – Miscellaneous Revenues**

The Capital Project Fund received donation receipts in 2021.

**Note 14 – Subsequent Event**

On July 7, 2022, the Village refinanced the USDA Mortgage Revenue Bond and issued a \$988,854 OWDA loan with a 3.39% interest rate. The OWDA loan will be paid over 20 years with the first payment due January 1, 2023.

**Village of Mount Blanchard  
Hancock County**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$41,146	\$11,464		\$52,610
Municipal Income Tax	84,288			84,288
Intergovernmental	38,000	116,158	\$10,211	164,369
Special Assessments	3,110	7,208	10,804	21,122
Charges for Services		31,471		31,471
Fines, Licenses and Permits	45			45
Earnings on Investments	2,546	341		2,887
Miscellaneous	4,787	1,345	1,000	7,132
<i>Total Cash Receipts</i>	<u>173,922</u>	<u>167,987</u>	<u>22,015</u>	<u>363,924</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		5,794		5,794
Leisure Time Activities		47,559	11,325	58,884
Basic Utility Services	1,330			1,330
Transportation		36,843		36,843
General Government	81,080	58,756	15	139,851
Capital Outlay			45,381	45,381
Debt Service:				
Principal Retirement	1,003			1,003
Interest and Fiscal Charges	41			41
<i>Total Cash Disbursements</i>	<u>83,454</u>	<u>148,952</u>	<u>56,721</u>	<u>289,127</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>90,468</u>	<u>19,035</u>	<u>(34,706)</u>	<u>74,797</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		6,108		6,108
Transfers Out	(6,108)			(6,108)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,108)</u>	<u>6,108</u>		
<i>Net Change in Fund Cash Balances</i>	84,360	25,143	(34,706)	74,797
<i>Fund Cash Balances, January 1</i>	<u>27,969</u>	<u>130,168</u>	<u>60,404</u>	<u>218,541</u>
<i>Fund Cash Balances, December 31</i>	<u>\$112,329</u>	<u>\$155,311</u>	<u>\$25,698</u>	<u>\$293,338</u>

See accompanying notes to the basic financial statements

**Village of Mount Blanchard  
Hancock County**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2020

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$221,299
Miscellaneous	1,345
	222,644
<i>Total Operating Cash Receipts</i>	<i>222,644</i>
<b>Operating Cash Disbursements</b>	
Personal Services	61,268
Employee Fringe Benefits	9,505
Contractual Services	24,519
Supplies and Materials	12,503
	107,795
<i>Total Operating Cash Disbursements</i>	<i>107,795</i>
<i>Operating Income</i>	<i>114,849</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	1,345
Capital Outlay	(30,400)
Principal Retirement	(48,381)
Interest and Other Fiscal Charges	(55,724)
	(133,160)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(133,160)</i>
<i>Loss before Capital Contributions</i>	<i>(18,311)</i>
Capital Contributions	11,381
	(6,930)
<i>Net Change in Fund Cash Balances</i>	<i>(6,930)</i>
<i>Fund Cash Balances, January 1</i>	<i>577,741</i>
<i>Fund Cash Balances, December 31</i>	<i>\$570,811</i>

*See accompanying notes to the basic financial statements*

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 1 – Reporting Entity**

The Village of Mount Blanchard (the Village), Hancock County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. Fire protection services are provided to the Village by Delaware Township.

***Public Entity Risk Pool***

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Recreation Fund*** The park recreation fund accounts for and reports levy monies, charges for services, grants, donations and general fund transfers that are restricted for the construction, maintenance, and repair of the parks.

***Coronavirus Relief Fund*** The Coronavirus Relief Fund accounts for the federal CARES Act money received by the Village.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

***Park Grant Fund*** This fund receives grants for the construction, maintenance, and repair of the parks.

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Special Assessment Street Fund** This fund receives special assessments to maintain designated Village streets.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund 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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***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 Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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***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 Mount Blanchard  
Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Note 3 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,655	\$173,922	\$54,267
Special Revenue	107,299	174,095	66,796
Capital Projects	18,881	22,015	3,134
Enterprise	258,045	235,370	(22,675)
<b>Total</b>	<b>\$503,880</b>	<b>\$605,402</b>	<b>\$101,522</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,771	\$91,581	\$13,190
Special Revenue	188,063	163,865	24,198
Capital Projects	70,286	56,721	13,565
Enterprise	300,138	250,690	49,448
<b>Total</b>	<b>\$663,258</b>	<b>\$562,857</b>	<b>\$100,401</b>

**Note 4 – Deposits**

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:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$197,330
Certificates of deposit	207,730
Other time deposits (savings and NOW accounts)	459,089
<b>Total deposits</b>	<b>\$864,149</b>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

**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 Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020:

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***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.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 9 – Debt**

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

	Principal	Interest Rate
USDA Mortgage Revenue Bonds	\$1,014,000	4.13%
Ohio Water Development Authority Loan #4947	353,590	1.50%
Ohio Water Development Authority Loan #6612	368,676	2.00%
Ohio Public Works Commission Loan #CM24N	124,025	0.00%
Truck Loan #3649	312	5.75%
Total	\$1,860,603	

The Wastewater Treatment Plant and Collection System Mortgage Revenue bonds were entered into for the purpose of financing the installation of a sanitary sewer system project the Ohio Environmental Protection Agency mandated for the Village in 2010. The debt has 4.125% interest rate and is scheduled to be paid in full in 2050. Sewer receipts collateralize the bond. The Village has agreed to set up utility rates sufficient to cover USDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4947 relates to the planning of a sanitary sewer system project the Ohio Environmental Protection Agency mandated. The OWDA financed \$505,370 in loans and capitalized interest to the Village for this project at an interest rate of 1.5%. The Village will repay the loan in semiannual installments of \$10,491, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6612 was entered into for the new water tower and distribution system improvements. The OWDA will finance up to \$436,454 to the Village for this project at an interest rate of 2%. The Village will repay the loan in semiannual installments of \$9,709, including interest, over 30 years. Water tower receipts will collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CM24N relates to the water meter installation project. The OPWC financed \$165,367 in loan to the Village for this project with no interest. The Village will repay the loan in semiannual installments of \$2,756 over 30 years.

The Village entered into a loan with a local bank in the amount of \$18,506 for the purchase of a truck for Village use. The Village will repay the loan in monthly installments of \$433, including interest, over 4 years. The vehicle collateralizes the loan.

**Village of Mount Blanchard  
Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Amortization**

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

Year Ending December 31:	USDA	OWDA Loan	OWDA Loan	OPWC Loan	Truck Loan
	Mortgage Revenue Bond	#4947	#6612	#CM24N	#3649
2021	\$59,828	\$20,981	\$19,417	\$8,268	\$314
2022	59,085	20,981	19,417	5,512	
2023	59,343	20,981	19,417	5,512	
2024	59,559	20,981	19,417	5,512	
2025	59,734	20,981	19,417	5,512	
2026-2030	296,974	104,907	97,087	27,561	
2031-2035	297,821	104,907	97,087	27,561	
2036-2040	297,605	94,416	97,087	27,561	
2041-2045	298,129		77,669	11,026	
2046-2050	298,619				
Total	<u>\$1,786,697</u>	<u>\$409,135</u>	<u>\$466,015</u>	<u>\$124,025</u>	<u>\$314</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. 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	Enterprise	Total
Outstanding Encumbrances	<u>\$ 2,019</u>	<u>\$ 14,913</u>	<u>\$ 8,390</u>	<u>\$ 25,322</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Change in Accounting Principles**

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

**Village of Mount Blanchard**  
**Hancock County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$1 was returned to the granting agency and \$13,999 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 14 – Miscellaneous Revenues**

The General Fund received rental, donation, and Bureau of Workers Compensation receipts in 2020.

**Note 15 – Subsequent Event**

On July 7, 2022, the Village refinanced the USDA Mortgage revenue Bond and issued a \$988,854 OWDA loan with a 3.39% interest rate. The OWDA loan will be paid over 20 years with the first payment due January 1, 2023.

# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Mount Blanchard  
Hancock County  
103 East Clay Street, P.O. Box 333  
Mount Blanchard, Ohio 45867-0333

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, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type of the Village of Mount Blanchard, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated July 13, 2022 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may 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 purposes 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

***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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 13, 2022

**VILLAGE OF MOUNT BLANCHARD  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness – Financial Monitoring**

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

The following errors were noted in the accompanying 2020 financial statements:

- Homestead and rollback Intergovernmental receipts in the General fund in the amount of \$6,039 were incorrectly classified as Property and Other Taxes.
- Charges for Services receipts and Leisure Time Activities disbursements of \$31,471 were increased in the Special Revenue Fund Type and decreased in the Enterprise Fund Type to properly reflect pool activity in the Special Revenue Funds rather than the Enterprise Funds.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$162 to \$3,063 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council, to identify and correct errors and omissions.

**FINDING NUMBER 2021-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to inadequate policies and procedures in reviewing the financial statements, permissive motor vehicle license tax revenue was inappropriately recorded in the Street Construction, Maintenance, and Repair fund in the amount of \$15,202 in 2020. Given the source of the revenue, this should have been recorded in the Permissive Motor Vehicle License Tax fund.

An audit adjustment is reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.



**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**Village of Mount Blanchard  
Hancock County  
103 East Clay Street  
P.O. Box 333  
Mount Blanchard, Ohio 45867-0333**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material weakness for financial reporting due to material audit adjustments. This issue was first reported in the 2005-2006 audit.	Not corrected and repeated as finding 2021-001 in this report.	The Fiscal Officer did not make the correction after prior audit but will review the errors and the proper procedures and make corrections in the future.
2019-002	Noncompliance with Ohio Rev. Code § 5705.10(D) and material weakness due to the posting of revenues to the wrong fund. This issue was first reported in the 2012-2013 audit.	Not corrected and repeated as finding 2021-002 in this report.	The Fiscal Officer did not make the correction after prior audit but will review the errors and the proper procedures and make corrections in the future.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOUNT BLANCHARD**

**HANCOCK 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 8/2/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)