



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF ROCKFORD
MERCER COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Rockford
Mercer County
151 E. Columbia Street
Rockford, Ohio 45882

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 Rockford, Mercer County, Ohio (the Village), 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 years ended December 31, 2022 and 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Efficient • Effective • Transparent

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.

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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent period of the Village. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2023

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Village of Rockford, Ohio*Mercer County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2022*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$72,270	\$5,651			\$77,921
Municipal Income Tax	359,734				359,734
Intergovernmental	45,682	159,289			204,971
Special Assessments			\$905		905
Charges for Services	7,988	15,307		\$1,275	24,570
Fines, Licenses and Permits	15,994	2,355			18,349
Earnings on Investments	2,779	880			3,659
Miscellaneous	11,735	23,626			35,361
<i>Total Cash Receipts</i>	<u>516,182</u>	<u>207,108</u>	<u>905</u>	<u>1,275</u>	<u>725,470</u>
Cash Disbursements					
Current:					
Security of Persons and Property	233,089	15,836			248,925
Leisure Time Activities	21,972	30,888			52,860
Community Environment	2,800				2,800
Basic Utility Services	4,230				4,230
Transportation	47,671	83,514			131,185
General Government	143,024	97,500	91		240,615
Capital Outlay	3,538	799		4,246	8,583
Debt Service:					
Principal Retirement	5,818	21,617	4,127	52,510	84,072
Interest and Fiscal Charges	567			2,162	2,729
<i>Total Cash Disbursements</i>	<u>462,709</u>	<u>250,154</u>	<u>4,218</u>	<u>58,918</u>	<u>775,999</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>53,473</u>	<u>(43,046)</u>	<u>(3,313)</u>	<u>(57,643)</u>	<u>(50,529)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets				97,096	97,096
Transfers In	2,800			32,000	34,800
Transfers Out	(34,800)				(34,800)
Other Financing Sources	5				5
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(31,995)</u>			<u>129,096</u>	<u>97,101</u>
<i>Net Change in Fund Cash Balances</i>	21,478	(43,046)	(3,313)	71,453	46,572
<i>Fund Cash Balances, January 1</i>	<u>282,045</u>	<u>247,433</u>	<u>59,998</u>	<u>54,916</u>	<u>644,392</u>
<i>Fund Cash Balances, December 31</i>	<u>\$303,523</u>	<u>\$204,387</u>	<u>\$56,685</u>	<u>\$126,369</u>	<u>\$690,964</u>

See accompanying notes to the basic financial statements

Village of Rockford, Ohio
Mercer County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$730,734
Miscellaneous	8,383
<i>Total Operating Cash Receipts</i>	<u>739,117</u>
Operating Cash Disbursements	
Personal Services	154,734
Employee Fringe Benefits	70,690
Contractual Services	69,109
Supplies and Materials	118,221
Other	2,449
<i>Total Operating Cash Disbursements</i>	<u>415,203</u>
<i>Operating Income (Loss)</i>	<u>323,914</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	89,139
Capital Outlay	(37,222)
Principal Retirement	(167,912)
Interest and Other Fiscal Charges	(3,959)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(119,954)</u>
<i>Net Change in Fund Cash Balances</i>	203,960
<i>Fund Cash Balances, January 1</i>	<u>735,367</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$939,327</u></u>

See accompanying notes to the basic financial statements

Village of Rockford, Ohio

Mercer County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2022

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$6,190</u>
<i>Total Additions</i>	<u>6,190</u>
Deductions	
Distributions to Other Governments	<u>8,680</u>
<i>Total Deductions</i>	<u>8,680</u>
<i>Net Change in Fund Balances</i>	(2,490)
<i>Fund Cash Balances, January 1</i>	<u>2,925</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$435</u></u>

See accompanying notes to the basic financial statements

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Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rockford, Mercer County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village participates in the Ohio Plan Risk Management, a public entity risk pool. Note 9 to the financial statement 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

A. Accounting Basis

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.

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.

B. Deposits

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.

The Village funds are maintained in an interest bearing checking account.

C. 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 fund 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.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Special Revenue Funds

These funds account for an 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 Fund - This fund receives a percentage of state highway, gasoline tax and motor vehicle tax money for constructing, maintaining, and repair of streets within the Village.

State Highway – This fund receives a percentage of state highway, gasoline tax, and auto registration fees for maintaining and repairing the state highway that is located in the village.

Permissive Motor Vehicle – This fund receives Vehicle Registration Permissive Tax money to maintain village streets.

Mayors Court Computer Fund – This fund receives a portion of the Mayors Court pay in each month.

Radio Station Communications – This fund receives underwriting and donations to keep the Village radio station WRKD – 101.3 on the air. The station is operated by a Board of Directors approved by the Village Council.

Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The Village has the following Debt Service Fund:

Market Street Debt Service – This fund receives special assessments to pay Ohio Public Works Commission loan.

Capital Projects

The Village had the following significant capital project fund:

Sub Division Development Project - The project began with a purchase of 20 acres that will be paid by yearly installments at 0% interest to Barb Rogers. Payments for the land will continue for the next 3 years. Infrastructure development began in 2017 with \$200,000 loan from Peoples bank at 2.75% interest. The Village did a renewal loan in May 2020 at 2.75% interest and began making monthly payments in the amount of \$2788.82. We have sold 6 lots. With 7 lots for sale.

Enterprise Funds

The Village has following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Wastewater Treatment Plant Improvement - The project began with a Peoples Holding Company Note to install a UV System. This note was paid off in January 2016. The project received a Permit to Install in November 2016. The project was awarded a grant in late 2017. The project continued into 2018 and was completed in 2019. Project closure March 2020. Loan amount \$2,119,083 with 0% interest \$71,833.34 loan payment per year.

Water Tower Project – Beginning in 2020 the village began exploring the possibility of doing a new water tower project. At the end of 2020 – we began working on an income survey to become eligible for some grant options. In November 2021 the Village received notification of an award of \$850,000 grant to replace the village’s existing 100,000 gallon elevated storage tank. The grant is from the State of Ohio BUILDS project. This project will continue into 2022 with cost estimates and going to bid. The Village will need some matching funds – the amount to be determined. The Village may need to take out a loan to cover the final project costs – the amount to be determined.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial fund accounts for the Village’s Mayor’s Court.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. 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.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 re-appropriated in the subsequent year.

E. Fund Balance

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

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

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

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

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

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

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

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

F. 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 Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements did include a liability for unpaid leave.

Note 3 – 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 deposits accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits - Village Checking	\$1,630,291
Demand deposits - Mayor's Court	435
Total Deposits	\$1,630,726

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

Note 4 – Budgetary Activity

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$444,627	\$518,987	\$74,360
Special Revenue	149,703	207,108	57,405
Debt Service		905	905
Capital Projects	46,206	130,371	84,165
Enterprise	1,554,000	828,256	(725,744)
Fiduciary		6,190	6,190
Total	\$2,194,536	\$1,691,817	(\$502,719)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$628,344	\$497,509	\$130,835
Special Revenue	311,273	250,154	61,119
Debt Service	10,000	4,218	5,782
Capital Projects	86,575	58,918	27,657
Enterprise	1,669,547	624,296	1,045,251
Fiduciary		8,680	(8,680)
Total	\$2,705,739	\$1,443,775	\$1,261,964

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. If the property owner elects to pay semiannually, the first half is due February 20 each year. The second half payment is due August 20 each year.

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 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.

Note 6 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Roger Property - Subdivision	\$42,412	0%
Peoples Bank - Police SUV	\$13,799	2.75%
Peoples Holding - Shane Crossing Infrastructure	\$75,754	2.74%
OPWC Franklin/Water St Water Improvement	\$817	0%
OPWC Front Street	\$30,000	0%
OPWCSouth Main Street	\$43,056	0%
OPWC Market Street	\$33,924	0%
OPWC Columbia Street	\$280,833	0%
OWDA Wastewater Improvements	\$1,529,517	0%
OWDA Force Main Replacement	\$1,657	0%
OWDA WTP & Water Meters	\$498,854	0%
OWDA Distribution System	506,245	1.50%
Total	<u>\$3,056,868</u>	

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Village received an interest free loan from the Ohio Public Works Commission of \$16,348 for the Market Street Project was obtained in 2004 and requires semi-annual payments of \$408 through 2023. The Village received an additional interest free loan from the Ohio Public Works Commission for Front Street water and sewer construction in 2008 for \$100,000 with semi-annual payments of \$2,500 through 2028. The Village received an additional interest free loan from Ohio Public Works Commission for South Main Street Reconstruction in 2010 for \$114,817 with semiannual payments of \$2,870 through 2030. The Village received an additional interest free loan from the Ohio Public Works Commission for Market Street improvements in 2011 for \$75,387 with semi-annual payments of \$1,885 through 2031.

The Ohio Water Development Authority Force Main loan was originated in 2003 in an initial amount totaling \$66,283. The loan will be repaid in semi-annual installments of \$1,657 with no interest, with the final payment due in 2023.

The Village received an interest free loan from the Ohio Water Development Authority for water system improvement and meters for \$1,330,228 of which portion was received in 2009 and the remaining balance was received in 2011. The loan will be repaid in semi-annual installments of \$33,257 with no interest, with the final payment due in 2030. No amortization schedule was available as of the date of this report.

The Village received a 1.5% loan from the Ohio Water Development Authority for the Sewer District Improvements. The Village received \$672,602. The loan will be repaid in semi annual installments of \$14,696 over 30 years.

During 2015 , the Village purchased the Rogers Property at 0% interest with payments being \$21,206 each year for 10 years. The 1st payment was made in January 2015.

During 2017, the Village received a 2.75% loan from Peoples Bank in the amount of \$200,000 to pay for the Shanes Crossing Infrastructure – Phase 1. This loan was renewed with Peoples Bank in April 2020 and the Village is currently making monthly payments in the amount of \$2,789.

During 2017, the Village received a 0% loan from OPWC in the amount of \$337,000 for the Columbia Street reconstruction. Additional funds for this project were grant monies and local funds. The loan is repaid in semi-annual installments of \$5,617 with final payment in 2047.

During 2018, the Village received a 0% loan from OWDA in the amount of \$2,155,000 for the Waste Water Treatment plant project. Additional funds for this project will be Grant money and local funds. The loan is repaid in semi-annual installments of \$35,917.

During 2020, The Village purchased a 2020 Police SUV. The loan balance was \$27,993.73. The Village is making quarterly payments in the amount of \$1,596. The loan is scheduled to be paid off in April of 2025.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Amortization

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

Year Ending December 31:	Peoples Bank/Peoples Holding	OWDA Loan	Ohio Public Works Commission	Roger Property
2023	\$39,850	\$97,564	\$26,561	\$21,206
2024	39,850	95,907	25,744	21,206
2025	12,752	95,907	25,744	
2026		95,907	25,744	
2027		95,907	25,744	
2028-2032		313,249	90,595	
2033-2037		146,964	56,166	
2038-2042		146,964	56,166	
2043-2047			56,166	
Total	<u>\$92,452</u>	<u>\$1,088,369</u>	<u>\$388,630</u>	<u>\$42,412</u>

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, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

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

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

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

Note 9 – 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.

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

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

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

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Note 10 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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. The Village had no encumbrances outstanding at year end. At year end the balances of these amounts were as follows:

Fund Balances	General	Total
Nonspendable:		
Unclaimed Monies	\$4,089	4,089
<i>Total</i>	\$4,089	\$4,089

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

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 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 of Rockford. 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.

Village of Rockford, Ohio

Mercer 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	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$67,437	\$5,987			\$73,424
Municipal Income Tax	335,064				335,064
Intergovernmental	41,932	160,408			202,340
Special Assessments			\$5,037		5,037
Charges for Services		11,350		\$1,275	12,625
Fines, Licenses and Permits	13,616	2,145			15,761
Earnings on Investments	1,503	642			2,145
Miscellaneous	14,774	31,476			46,250
<i>Total Cash Receipts</i>	<u>474,326</u>	<u>212,008</u>	<u>5,037</u>	<u>1,275</u>	<u>692,646</u>
Cash Disbursements					
Current:					
Security of Persons and Property	218,120	18,393			236,513
Leisure Time Activities	17,000	21,888			38,888
Community Environment	4,638				4,638
Basic Utility Services	4,396				4,396
Transportation	21,735	103,485			125,220
General Government	118,315	454	295		119,064
Capital Outlay	38,780	11,628		13,675	64,083
Debt Service:					
Principal Retirement	8,168	21,974	3,769	49,030	82,941
Interest and Fiscal Charges	1,005			2,853	3,858
<i>Total Cash Disbursements</i>	<u>432,157</u>	<u>177,822</u>	<u>4,064</u>	<u>65,558</u>	<u>679,601</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,169</u>	<u>34,186</u>	<u>973</u>	<u>(64,283)</u>	<u>13,045</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets				22,809	22,809
Transfers In	2,800		7,418	32,000	42,218
Transfers Out	(42,218)				(42,218)
Other Financing Uses	(5)				(5)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,423)</u>		<u>7,418</u>	<u>54,809</u>	<u>22,804</u>
<i>Net Change in Fund Cash Balances</i>	<u>2,746</u>	<u>34,186</u>	<u>8,391</u>	<u>(9,474)</u>	<u>35,849</u>
<i>Fund Cash Balances, January 1</i>	<u>279,299</u>	<u>213,247</u>	<u>51,607</u>	<u>64,390</u>	<u>608,543</u>
<i>Fund Cash Balances, December 31</i>	<u>\$282,045</u>	<u>\$247,433</u>	<u>\$59,998</u>	<u>\$54,916</u>	<u>\$644,392</u>

See accompanying notes to the basic financial statements

Village of Rockford, Ohio
Mercer County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$752,261
Miscellaneous	6,466
<i>Total Operating Cash Receipts</i>	<u>758,727</u>
Operating Cash Disbursements	
Personal Services	148,604
Employee Fringe Benefits	88,730
Contractual Services	63,683
Supplies and Materials	120,879
Other	1,555
<i>Total Operating Cash Disbursements</i>	<u>423,451</u>
<i>Operating Income (Loss)</i>	<u>335,276</u>
Non-Operating (Disbursements)	
Capital Outlay	(44,904)
Principal Retirement	(163,714)
Interest and Other Fiscal Charges	(8,156)
<i>Total Non-Operating (Disbursements)</i>	<u>(216,774)</u>
<i>Net Change in Fund Cash Balances</i>	118,502
<i>Fund Cash Balances, January 1</i>	<u>616,865</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$735,367</u></u>

See accompanying notes to the basic financial statements

Village of Rockford, Ohio
Mercer County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$5,745</u>
<i>Total Additions</i>	<u>5,745</u>
Deductions	
Distributions to Other Governments	<u>4,684</u>
<i>Total Deductions</i>	<u>4,684</u>
<i>Net Change in Fund Balances</i>	1,061
<i>Fund Cash Balances, January 1</i>	<u>1,864</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,925</u></u>

See accompanying notes to the basic financial statements

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Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rockford, Mercer County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village participates in the Ohio Plan Risk Management, a public entity risk pool. Note 9 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

A. Accounting Basis

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.

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.

B. Deposits

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.

The Village funds are maintained in an interest bearing checking account.

C. 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 fund 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.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Special Revenue Funds

These funds account for an 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 Fund - This fund receives a percentage of state highway, gasoline tax and motor vehicle tax money for constructing, maintaining, and repair of streets within the Village.

State Highway – This fund receives a percentage of state highway, gasoline tax, and auto registration fees for maintaining and repairing the state highway that is located in the village.

Permissive Motor Vehicle – This fund receives Vehicle Registration Permissive Tax money to maintain village streets.

Mayors Court Computer Fund – This fund receives a portion of the Mayors Court pay in each month.

Radio Station Communications – This fund receives underwriting and donations to keep the Village radio station WRKD – 101.3 on the air. The station is operated by a Board of Directors approved by the Village Council.

Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The Village has the following Debt Service Fund:

Market Street Debt Service – This fund receives special assessments to pay Ohio Public Works Commission loan.

Capital Projects

The Village had the following significant capital project fund:

Sub Division Development Project - The project began with a purchase of 20 acres that will be paid by yearly installments at 0% interest to Barb Rogers. Payments for the land will continue for the next 3 years. Infrastructure development began in 2017 with \$200,000 loan from Peoples bank at 2.75% interest. The Village did a renewal loan in May 2020 at 2.75% interest and began making monthly payments in the amount of \$2788.82. We have sold 6 lots. With 7 lots for sale.

Enterprise Funds

The Village has following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Wastewater Treatment Plant Improvement - The project began with a Peoples Holding Company Note to install a UV System. This note was paid off in January 2016. The project received a Permit to Install in November 2016. The project was awarded a grant in late 2017. The project continued into 2018 and was completed in 2019. Project closure March 2020. Loan amount \$2,119,083 with 0% interest \$71,833.34 loan payment per year.

Water Tower Project – Beginning in 2020 the village began exploring the possibility of doing a new water tower project. At the end of 2020 – we began working on an income survey to become eligible for some grant options. In November 2021 the Village received notification of an award of \$850,000 grant to replace the village’s existing 100,000 gallon elevated storage tank. The grant is from the State of Ohio BUILDS project. This project will continue into 2022 with cost estimates and going to bid. The Village will need some matching funds – the amount to be determined. The Village may need to take out a loan to cover the final project costs – the amount to be determined.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial fund accounts for the Village’s Mayor’s Court.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. 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.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 re-appropriated in the subsequent year.

E. Fund Balance

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

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

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

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

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

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

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

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

F. 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 Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements did include a liability for unpaid leave.

Note 3 - 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 deposits accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits - Village Checking	\$1,374,181
Demand deposits - Shane Park	5,579
Demand deposits - Mayor's Court	2,924
Total deposits	1,382,684
Total carrying amount of deposits and investments held in the Pool	1,382,684

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

Note 4 - Budgetary Activity

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$395,475	\$477,126	\$81,651
Special Revenue	72,230	212,008	139,778
Debt Service	8,482	12,455	3,973
Capital Projects	82,481	56,084	(26,397)
Enterprise	724,000	758,727	34,727
Fiduciary	0	5,745	5,745
Total	\$1,282,668	\$1,522,145	\$239,477

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$589,999	\$474,343	\$115,656
Special Revenue	179,395	177,822	\$1,573
Debt Service	10,000	4,064	\$5,936
Capital Projects	86,575	65,558	\$21,017
Enterprise	807,860	640,225	\$167,635
Fiduciary		4,684	(\$4,684)
Total	\$1,673,829	\$1,366,696	\$307,133

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. If the property owner elects to pay semiannually, the first half is due February 20 each year. The second half payment is due August 20 each year.

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 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.

Note 6 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Roger Property - Subdivision	\$63,618	0%
Peoples Bank - Police SUV	\$19,616	2.75%
Peoples Holding - Shane Crossing Infrastructure	\$106,884	2.74%
OPWC Franklin/Water St Water Improvement	\$1,635	0%
OPWC Front Street	\$35,000	0%
OPWCSouth Main Street	\$48,797	0%
OPWC Market Street	\$37,693	0%
OPWC Columbia Street	\$292,067	0%
OWDA Wastewater Improvements	\$1,601,350	0%
OWDA Force Main Replacement	\$4,972	0%
OWDA WTP & Water Meters	\$565,368	0%
OWDA Distribution System	527,801	1.50%
Total	<u>\$3,304,801</u>	

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Village received an interest free loan from the Ohio Public Works Commission of \$16,348 for the Market Street Project was obtained in 2004 and requires semi-annual payments of \$408 through 2023. The Village received an additional interest free loan from the Ohio Public Works Commission for Front Street water and sewer construction in 2008 for \$100,000 with semi-annual payments of \$2,500 through 2028. The Village received an additional interest free loan from Ohio Public Works Commission for South Main Street Reconstruction in 2010 for \$114,817 with semiannual payments of \$2,870 through 2030. The Village received an additional interest free loan from the Ohio Public Works Commission for Market Street improvements in 2011 for \$75,387 with semi-annual payments of \$1,885 through 2031.

The Ohio Water Development Authority Force Main loan was originated in 2003 in an initial amount totaling \$66,283. The loan will be repaid in semi-annual installments of \$1,657 with no interest, with the final payment due in 2023.

The Village received an interest free loan from the Ohio Water Development Authority for water system improvement and meters for \$1,330,228 of which portion was received in 2009 and the remaining balance was received in 2011. The loan will be repaid in semi-annual installments of \$33,257 with no interest, with the final payment due in 2030.

The Village received a 1.5% loan from the Ohio Water Development Authority for the Sewer District Improvements. The Village received \$672,602. The loan will be repaid in semi annual installments of \$14,696 over 30 years.

During 2015 , the Village purchased the Rogers Property at 0% interest with payments being \$21,206 each year for 10 years. The 1st payment was made in January 2015.

During 2017, the Village received a 2.75% loan from Peoples Bank in the amount of \$200,000 to pay for the Shanes Crossing Infrastructure – Phase 1. This loan was renewed with Peoples Bank in April 2020 and the Village is currently making monthly payments in the amount of \$2,789.

During 2017, the Village received a 0% loan from OPWC in the amount of \$337,000 for the Columbia Street reconstruction. Additional funds for this project were grant monies and local funds. The loan is repaid in semi-annual installments of \$5,617 with final payment in 2047.

During 2018, the Village received a 0% loan from OWDA in the amount of \$2,155,000 for the Waste Water Treatment plant project. Additional funds for this project will be Grant money and local funds. The loan is repaid in semi-annual installments of \$35,917.

During 2020, The Village purchased a 2020 Police SUV. The loan balance was \$27,993.73. The Village is making quarterly payments in the amount of \$1,596. The loan is scheduled to be paid off in April of 2025.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	Peoples Bank/Peoples Holding	OWDA Loan	Ohio Public Works Commission	Roger Property
2022	\$39,850	\$99,221	\$26,561	\$21,206
2023	39,850	97,564	26,561	21,206
2024	39,850	95,907	25,744	21,206
2025	12,752	95,907	25,744	
2026		95,907	25,744	
2027-2031		379,762	105,106	
2032-2036		146,964	56,167	
2037-2041		146,964	56,166	
2042-2046		29,393	56,166	
2047			11,233	
Total	<u>\$132,302</u>	<u>\$1,187,589</u>	<u>\$415,192</u>	<u>\$63,618</u>

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.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

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

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

Note 9 – 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.

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

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

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

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

Village of Rockford
Mercer County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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. The Village had no encumbrances outstanding at year end. At year end the balances of these amounts were as follows:

Fund Balances	General	Total
Nonspendable:		
Unclaimed Monies	\$4,089	4,089
<i>Total</i>	\$4,089	\$4,089

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

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 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 of Rockford. 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.

Note 12 – Restatement

In 2021, the fund structure was adjusted to include a special revenue fund, the Parks and Recreation fund, that previously had not been reported. The restatement affected Special Revenue fund type beginning balance by \$3,064, changing from \$210,183 to \$213,247.

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 Rockford
Mercer County
151 E. Columbia Street
Rockford, Ohio 45882

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Rockford, Mercer County, (the Village) and have issued our report thereon dated September 25, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing recovery 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

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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 2022-001.

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

September 25, 2023

**VILLAGE OF ROCKFORD
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Noncompliance and Material Weakness

Ohio Rev. Code § 733.28 requires fiscal officers to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

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 misstatements occurred on the Village's financial statements and accounting record due to lack of controls over financial reporting:

As of December 31, 2021:

- The Pool Trust fund was incorrectly reported as Private Purpose Trust fund instead of being reported as part of the General fund, this resulted in an understatement of General fund beginning and ending balances of \$1,115.
- The Unclaimed Money fund was incorrectly reported as Custodial fund instead of being reported as part of the General fund, this resulted in an understatement of General fund beginning and ending balances of \$4,089.
- The Tree City fund was reported under Special Revenue instead of being reported as part of the General fund. This resulted in General fund being understated by \$4,590 for expenditures, \$2,800 for transfers in, ending fund balance of \$304, and beginning fund balance of \$2,094.
- The Village completed fund balance adjustments and then re-issued checks, this resulted in an overstatement of beginning fund balance and current year expenditures in the amount of \$2,045 for the General fund, \$609 for the Special Revenue fund, and \$1,461 for the Enterprise funds. Also, the Village completed a fund balance adjustment to adjust prior year revenues in the Special Revenue fund in the amount of \$156, which resulted in an overstatement of revenues.
- The Capital Projects fund incorrectly reported a debt payment as capital outlay instead of reporting it as principal payment in the amount of \$21,206. The Capital Project fund also reported sale of the subdivision lots as a charge for service instead of sale of capital assets in the amount of \$22,809.
- The Village was running Shane Park activity as an off the books account in 2021, resulting in an understatement of beginning fund balance of \$3,064, ending fund balance of \$5,579, revenues of \$26,476, and expenditures of \$23,961 for the Special Revenue fund.
- The Mayor's Court activity was not properly reported for actual cash transactions. Expenditures were underreported by \$1,163, revenues were underreported by \$2,224, and ending fund balance was understated by \$1,061. This is due to the Village not recording the actual cash transactions of the Mayor's Court in the accounting system.

**FINDING NUMBER 2022-001
(Continued)**

As of December 31, 2022:

- The Pool Trust fund was incorrectly reported as Private Purpose Trust fund instead of being reported as part of the General fund, this resulted in an understatement of General fund beginning and ending balances of \$1,115.
- The General fund incorrectly paid an expenditure of the Mayor's Court in the amount of \$1,864 which resulted in an understatement of General fund cash balances at year end, overstatement of General fund expenditures, understatement of Mayor's Court fund expenditures, overstatement of Mayor's Court fund balance.
- The Village completed fund balance adjustments and then re-issued checks, this resulted in an overstatement of beginning fund balance and current year expenditures in the amount of \$3,011 for the General fund.
- The Capital Projects fund incorrectly reported a debt payment as capital outlay instead of reporting it as principal payment in the amount of \$21,206. The Capital Project fund also reported sale of the subdivision lots as a charge for service instead of sale of capital assets in the amount of \$97,096.
- The Village was running Shane Park activity as an off the books account for part of 2022, resulting in an understatement of beginning fund balance of \$5,579, ending fund balance of \$7,831, revenues of \$3,675, and expenditures of \$1,423 for Special Revenue fund.
- The Mayor's Court activity was not properly reported for actual cash transactions. Expenditures were underreported by \$3,788, revenues were underreported by \$1,298, and ending fund balance was overstated by \$2,490. This is due to the Village not recording the actual cash transaction of the Mayor's Court in the accounting system.

The misstatements noted above have been corrected on the accompanying financial statements and have been posted to the Village's accounting records. In addition to the adjustments and reclassifications listed above, we also identified misstatements ranging from \$5,000 to \$5,987, which we have brought to the Village's attention.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the Village Council's and management's ability to make sound financial decisions or comply with budgetary laws, and could result in materially misstated reports.

The Village should implement policies and procedures to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response

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



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2022 and 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Misstatements noted due to misclassifications	Corrected prior year audit adjustments after last audit	See schedule of Findings for repeat finding number 2022-001
2020-002	Ohio Rev. Code § 5705.36((A)(1) Ohio Rev. Code § 5705.39 Ohio Rev. Code § 5705.41(B)	Partially Corrected	Items were partially corrected resulting in matters not having to be reported in the report. This was repeated in the Management Letter.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ROCKFORD

MERCER 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 10/17/2023

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

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