

VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Ostrander
PO Box 35
Ostrander, OH 43061

We have reviewed the *Independent Auditor's Report* of the Village of Ostrander, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Ostrander is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2023

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**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

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Independent Auditor's Report

Village of Ostrander
Delaware County
P.O. Box 35
Ostrander, Ohio 43061

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Ostrander, Delaware County, Ohio, 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 of the Village of Ostrander, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Ostrander, as of December 31, 2022 and 2021, or changes in financial position, and 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 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 of Ostrander 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 of Ostrander 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Though the Village of Ostrander does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the “*Unmodified Opinion on Regulatory Basis of Accounting*” paragraph above.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Ostrander'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 of Ostrander'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.

Village of Ostrander
Delaware County
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Ostrander'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 September 8, 2023 on our consideration of the Village of Ostrander's internal control over financial reporting and on 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 of Ostrander'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 of Ostrander's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 8, 2023

Village of Ostrander, Ohio
Delaware 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 | Totals (Memorandum Only) |
|--|---------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 43,606 | \$ - | \$ 43,606 |
| Municipal Income Tax | 270,819 | - | 270,819 |
| Intergovernmental | 28,046 | 129,865 | 157,911 |
| Fines, Licenses and Permits | 106,675 | - | 106,675 |
| Earnings on Investments | 575 | 21 | 596 |
| Miscellaneous | 34,154 | - | 34,154 |
| <i>Total Cash Receipts</i> | <u>483,875</u> | <u>129,886</u> | <u>613,761</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 24,616 | - | 24,616 |
| Public Health Services | 1,008 | - | 1,008 |
| Community Environment | 7,525 | - | 7,525 |
| Transportation | - | 105,816 | 105,816 |
| General Government | 51,850 | - | 51,850 |
| Capital Outlay | - | 21,369 | 21,369 |
| <i>Total Cash Disbursements</i> | <u>84,999</u> | <u>127,185</u> | <u>212,184</u> |
| <i>Net Change in Fund Cash Balances</i> | 398,876 | 2,701 | 401,577 |
| <i>Fund Cash Balances, January 1, Restated</i> | <u>990,928</u> | <u>207,032</u> | <u>1,197,960</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 1,389,804</u> | <u>\$ 209,733</u> | <u>\$ 1,599,537</u> |

See accompanying notes to the financial statements

Village of Ostrander, Ohio
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 454,015 |
| <i>Total Operating Cash Receipts</i> | 454,015 |
| Operating Cash Disbursements | |
| Personal Services | 32,775 |
| Employee Fringe Benefits | 6,134 |
| Contractual Services | 82,104 |
| Supplies and Materials | 14,592 |
| <i>Total Operating Cash Disbursements</i> | 135,605 |
| <i>Operating Income (Loss)</i> | 318,410 |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (7,127) |
| Principal Retirement | (15,911) |
| Interest and Other Fiscal Charges | (3,388) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (26,426) |
| <i>Net Change in Fund Cash Balances</i> | 291,984 |
| <i>Fund Cash Balances, January 1</i> | 1,397,481 |
| <i>Fund Cash Balances, December 31</i> | \$ 1,689,465 |

See accompanying notes to the financial statements

Village of Ostrander, Ohio
Delaware County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

| | Fiduciary Fund Type |
|--|------------------------|
| | Custodial |
| | Bond Escrow |
| <i>Total Additions</i> | \$ - |
| <i>Total Deductions</i> | - |
| <i>Net Change in Fund Balances</i> | - |
| <i>Fund Cash Balances, January 1</i> | 5,000 |
| <i>Fund Cash Balances, December 31</i> | \$ 5,000 |

See accompanying notes to the financial statements

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

Note 1 – Village of Ostrander

The Village of Ostrander (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including sewer utilities and an auxiliary police force. The Village has a part-time Chief of Police who oversees the auxiliary officers and works under the supervision of the Mayor. The Scioto Township Fire Department provides fire protection services to the Village.

Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides 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 and a statement of additions, deductions and changes in fund balances (regulatory cash basis) the fiduciary fund type 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 Special Revenue Funds:

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

Federal Grant Fund – ARPA This grant was received in September of 2021 under the American Rescue Plan Act-Coronavirus Local Fiscal Recovery Funds for Ohio Non-Entitlement Units of Local Government title (ARPA). No expenditures were made in 2022.

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

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 Enterprise Funds:

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. The Village implemented the first rate increase since the sewer system was installed in 1991. The rate increase took place in September and was increased from \$31.30 to \$34.43.

Sewer Debt Service Reserve This money is a set aside requirement from the USDA and will continue to be set aside until all USDA loan payments are paid in full.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village had the following Custodial Fund:

Bond Holding Fund The money in this fund accounts for a zoning bond held to satisfy compliance with the development plan for landscaping and bike paths.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually (except certain custodial funds).

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. The Village did not use the encumbrance method of accounting for half of 2022.

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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 Ostrander, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

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

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$369,942 | \$483,875 | \$113,933 |
| Special Revenue | 106,824 | 129,886 | 23,062 |
| Enterprise | 427,229 | 454,015 | 26,786 |
| Total | \$903,995 | \$1,067,776 | \$163,781 |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$446,580 | \$85,368 | \$361,212 |
| Special Revenue | 236,541 | 127,374 | 109,167 |
| Enterprise | 703,000 | 162,272 | 540,728 |
| Total | \$1,386,121 | \$375,014 | \$1,011,107 |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

| | 2022 |
|-------------------------------------|-------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,294,002 |
| Certificates of deposit | 1,000,000 |
| Total deposits | 3,294,002 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Note 5 – Taxes

Property Taxes

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

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

Income 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.

The Village contracts with the Regional Income Tax Authority (RITA) for income tax administration.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

Risk Pool Membership

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

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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.

Social Security

Four Village employees contributed to Social Security each month. All council members and mayor contribute to social security when there is a special meeting. 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, 2022.

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

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 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.

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

Note 9 – Debt

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

| | Principal | Interest Rate |
|-------------------------------|-----------|---------------|
| General Obligation Bonds USDA | \$54,750 | 5.63% |
| Ohio Public Works Commission | \$151,321 | 0.00% |
| Total | \$206,071 | |

The USDA (Rural Development) bonds were issued July 8, 1992, for the purpose of paying cost of constructing a sewage disposal plant and sanitary sewers. The debt covenant requires the Village to create a separate fund to maintain one year’s debt payment of principal and interest. This money may be used with permission by USDA to cover maintenance costs. The Village Council has earmarked and placed in a Sewer Debt Service Reserve Fund \$50,000 for this purpose. This loan is repaid from the Sewer Operating Fund (Enterprise Fund Type).

The Ohio Public Works Commission (OPWC) loan relates to Wastewater Treatment Plant (WWTP) upgrades, financed through a grant/loan agreement. The grant was fully expended in 2015. The loan payments commenced December 28, 2016. This loan is repaid from the Sewer Operating Fund (Enterprise Fund Type).

Village of Ostrander, Ohio
Delaware 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: | General Obligation | | Total |
|-----------------------------|-----------------------|------------------|------------------|
| | Bonds USDA | OPWC | |
| 2023 | \$8,555 | \$10,436 | \$18,991 |
| 2024 | 8,247 | 10,436 | 18,683 |
| 2025 | 7,939 | 10,436 | 18,375 |
| 2026 | 7,631 | 10,436 | 18,067 |
| 2027 | 7,323 | 10,436 | 17,759 |
| 2028-2032 | 31,995 | 52,180 | 84,175 |
| 2033-2037 | 0 | 46,961 | 46,961 |
| Total | <u>\$71,690</u> | <u>\$151,321</u> | <u>\$223,011</u> |

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in May 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

During 2021, the Village was awarded a grant from the American Rescue Plan Act-Coronavirus Local Fiscal Recovery Funds for Ohio non-Entitlement Units of Local Government (ARPA-NEU) The total amount granted is \$78,458 with the first tranche payment of \$39,230 received on September 21, 2021. The second tranche payment was received on July 12, 2022 in the amount of \$39,386. The Village received \$157 from redistribution in May 2022, Bringing the total Grant amount of \$78,772. This grant is listed in the Special Revenue Fund Type as ARPA.

Note 11 - Fund Balances

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 | Special Revenue | | Total |
|--------------------------|--------------------|---------------|---------------|
| | General | | |
| Outstanding Encumbrances | \$ 369 | \$ 189 | \$ 558 |
| Total | <u>\$ 369</u> | <u>\$ 189</u> | <u>\$ 558</u> |

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

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

Note 12 - Compliance

The Village was in noncompliance with Ohio Revised Code Section 5705.41(D) as purchase orders were not prepared for part of 2022.

Village of Ostrander, Ohio
Delaware 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 | Totals (Memorandum Only) |
|---|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 39,307 | \$ - | \$ 39,307 |
| Municipal Income Tax | 207,541 | - | 207,541 |
| Intergovernmental | 23,608 | 113,961 | 137,569 |
| Fines, Licenses and Permits | 18,325 | - | 18,325 |
| Earnings on Investments | 4,541 | 33 | 4,574 |
| Miscellaneous | 499 | 45,068 | 45,567 |
| <i>Total Cash Receipts</i> | <u>293,821</u> | <u>159,062</u> | <u>452,883</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 29,609 | - | 29,609 |
| Public Health Services | 948 | - | 948 |
| Community Environment | 4,739 | - | 4,739 |
| Transportation | - | 31,305 | 31,305 |
| General Government | 78,126 | 47,966 | 126,092 |
| Capital Outlay | - | 5,920 | 5,920 |
| <i>Total Cash Disbursements</i> | <u>113,422</u> | <u>85,191</u> | <u>198,613</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>180,399</u> | <u>73,871</u> | <u>254,270</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | - | 464 | 464 |
| Transfers Out | (464) | - | (464) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(464)</u> | <u>464</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 179,935 | 74,335 | 254,270 |
| <i>Fund Cash Balances, January 1</i> | <u>810,962</u> | <u>132,697</u> | <u>943,659</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 990,897</u> | <u>\$ 207,032</u> | <u>\$ 1,197,929</u> |

See accompanying notes to the financial statements

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

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 190,218 |
| Miscellaneous | 1,428 |
| | 191,646 |
| <i>Total Operating Cash Receipts</i> | <i>191,646</i> |
| Operating Cash Disbursements | |
| Personal Services | 25,524 |
| Employee Fringe Benefits | 3,863 |
| Contractual Services | 77,230 |
| Supplies and Materials | 15,778 |
| Other | 1,676 |
| | 124,071 |
| <i>Total Operating Cash Disbursements</i> | <i>124,071</i> |
| <i>Operating Income (Loss)</i> | <i>67,575</i> |
| Non-Operating Receipts (Disbursements) | |
| Special Assessments | 9,554 |
| Principal Retirement | (15,911) |
| Interest and Other Fiscal Charges | (3,696) |
| | (10,053) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(10,053)</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>57,522</i> |
| <i>Fund Cash Balances, January 1 (Restated)</i> | <i>1,339,959</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 1,397,481</i> |

See accompanying notes to the financial statements

Village of Ostrander, Ohio
Delaware County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

| | Fiduciary Fund Type |
|--|------------------------|
| | Custodial |
| | Bond Escrow |
| <i>Total Additions</i> | \$ - |
| <i>Total Deductions</i> | - |
| <i>Net Change in Fund Balances</i> | - |
| <i>Fund Cash Balances, January 1</i> | 5,000 |
| <i>Fund Cash Balances, December 31</i> | \$ 5,000 |

See accompanying notes to the financial statements

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

Note 1 – Village of Ostrander

The Village of Ostrander (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including sewer utilities and an auxiliary police force. The Village has a part-time Chief of Police who oversees the auxiliary officers and works under the supervision of the Mayor. The Scioto Township Fire Department provides fire protection services to the Village.

Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides 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 and a statement of additions, deductions and changes in fund balances (regulatory cash basis) the fiduciary fund type 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 the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Community Grant Fund This fund was used to receive funds from the Delaware County foundation and expenditures were made in accordance with the CARES Act Coronavirus Relief Fund guidelines for approved expenditures.

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

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 Enterprise Funds:

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

Sewer Debt Service Reserve This money is a set aside requirement from the USDA and will continue to be set aside until all USDA loan payments are paid in full.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village had the following Custodial Fund:

Bond Holding Fund The money in this fund accounts for zoning bond held to satisfy compliance with the development plan for landscaping and bike paths.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually (except certain custodial funds).

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

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

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.

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. The Village had no outstanding encumbrances at December 31, 2021.

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 Ostrander, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

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

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$426,577 | \$113,886 | \$312,691 |
| Special Revenue | 74,721 | 85,191 | (10,470) |
| Enterprise | 143,678 | 143,678 | 0 |
| Total | \$644,976 | \$342,755 | \$302,221 |

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$220,170 | \$293,821 | \$73,651 |
| Special Revenue | 110,828 | 159,526 | 48,698 |
| Enterprise | 177,560 | 201,200 | 23,640 |
| Total | \$508,558 | \$654,547 | \$145,989 |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

| | 2021 |
|-------------------------------------|-------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,000,410 |
| Certificates of deposit | 600,000 |
| Total deposits | 2,600,410 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Ostrander, Ohio
Delaware 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income 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.

The Village contracts with the Regional Income Tax Authority (RITA) for income tax administration.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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

Four Village employees contributed to Social Security each month. All council members and mayor contribute to social security when there is a special meeting. 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.

Village of Ostrander, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended 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:

| | Principal | Interest Rate |
|-------------------------------|-----------|---------------|
| General Obligation Bonds USDA | \$60,225 | 5.63% |
| Ohio Public Works Commission | \$161,757 | 0.00% |
| Total | \$221,982 | |

The USDA (Rural Development) bonds were issued July 8, 1992, for the purpose of paying cost of constructing a sewage disposal plant and sanitary sewers. The debt covenant requires the Village to create a separate fund to maintain one year’s debt payment of principal and interest. This money may be used with permission by USDA to cover maintenance costs. The Village Council has earmarked and placed in a Sewer Debt Service Reserve Fund \$50,000 for this purpose. The loan will be repaid from the Sewer Operating Fund (Enterprise Fund Type).

The Ohio Public Works Commission (OPWC) loan relates to Wastewater Treatment Plant (WWTP) upgrades, financed through a grant/loan agreement. The grant was fully expended in 2015. The loan payments commenced December 28, 2016. The loan will be repaid from the Sewer Operating Fund (Enterprise Fund Type).

Amortization

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

| | General Obligation Bonds USDA | OPWC | Total |
|-----------------------------|-------------------------------------|-----------|-----------|
| Year Ending December 31: | | | |
| 2022 | \$8,863 | \$10,436 | \$19,299 |
| 2023 | 8,555 | 10,436 | 18,991 |
| 2024 | 8,247 | 10,436 | 18,683 |
| 2025 | 7,939 | 10,436 | 18,375 |
| 2026 | 7,631 | 10,436 | 18,067 |
| 2027-2031 | 33,535 | 52,180 | 85,715 |
| 2032-2036 | 5,783 | 52,180 | 57,963 |
| 2037 | 0 | 5,217 | 5,217 |
| Total | \$80,553 | \$161,757 | \$242,310 |

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

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in May of 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

During 2021, the Village was awarded a grant from the American Rescue Plan Act-Coronavirus Local Fiscal Recovery Funds for Ohio non-Entitlement Units of Local Government (ARPA-NEU) The total amount granted is \$78,458 with the first tranche payment of \$39,230 received on September 21, 2021. This grant is listed in the Special Revenue Fund Type as ARPA.

Note 11 - Fund Balances

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 outstanding encumbrances at December 31, 2021.

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

Note 12 - Compliance

The Village was in noncompliance with Ohio Revised Code Section 5705.41(D) as purchase orders were not prepared.

Note 13 – Prior Period Restatement

The Village's beginning General Fund and Sewer Operating Fund (Enterprise Fund Type) have been restated to properly reflect interest earnings in the correct year.

Note 14 – Miscellaneous Receipts

The Special Revenue Fund Type miscellaneous receipts is a grant from the Delaware County Foundation.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Village of Ostrander
Delaware County
P.O. Box 35
Ostrander, Ohio 43061

To the Members of 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Ostrander, Delaware County, Ohio, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated September 8, 2023, wherein we noted as described in Note 2 to the financial statements, the Village of Ostrander followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Ostrander'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 of Ostrander's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Ostrander'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 of Ostrander'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 and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ostrander'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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-002.

Village of Ostrander
Delaware County
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village of Ostrander's Responses to Findings

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

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 of Ostrander'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 of Ostrander's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
September 8, 2023

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

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

| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS | |
|--|----------|
| Finding Number | 2022-001 |

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements for the years ended December 31, 2022 and 2021, respectively.

2022:

- In the Street Construction, Maintenance & Repair fund (Special Revenue Fund Type) an increase to intergovernmental receipts and an increase capital outlay in the amount of \$21,369 was necessary to record on behalf payment by the Ohio Public Works Commission (OPWC).

2021:

- In the Sewer Operating fund (Enterprise Fund Type) a decrease to beginning cash fund balance in the amount of \$3,803 to reduce interest posted prior to receipt.
- In the General Fund, beginning cash fund balance was decreased and general government disbursements were decreased in the amount \$2,434 and in the Federal Grant Fund – Cares Act 2020 (Special Revenue Fund Type), beginning cash fund balance was increased and general government disbursements was increased in the amount of \$2,434 and other financing uses disbursements were decreased and general government disbursements were increased \$464 to properly record Cares Act activity.
- In the ARPA fund (Special Revenue Fund Type) miscellaneous receipts were decreased and intergovernmental receipts were increased \$39,231 to properly report federal grant receipts.
- In the Community Grant Fund (Special Revenue Fund Type) general government disbursements were increased, and other financing uses were decreased \$45,068 to properly report disbursements.
- In the Street Construction, Maintenance & Repair fund (Special Revenue Fund Type) intergovernmental receipts and capital outlay were increased \$5,920 to properly record on behalf payments made by the OPWC.
- In the fiduciary fund type, beginning and ending cash fund balances were increased \$5,000 and the permanent fund beginning and ending cash fund balances were decreased \$5,000, due to the fund being presented in an incorrect fund type.
- In the Sewer Operating fund (Enterprise Fund Type) an increase to supplies and materials disbursements and a decrease to the cash fund balance in the amount of \$10,000 was necessary due to a clerical error in the annual report filed with HINKLE.
- Sewer Operating fund (Enterprise Fund Type) beginning cash fund balance was increased \$600,000 and the Sewer Reserve fund (Enterprise Fund Type) beginning cash fund balance was increased \$50,000 to include balances that were not included in the annual report filed with HINKLE.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

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

| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued) | |
|--|------------------------|
| Finding Number | 2022-001 – (Continued) |

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village of Ostrander implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to filing them with the HINKLE system. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Village Fiscal Officer will more closely examine the annual financial report prior to filing with the HINKLE system and will record future activity in the appropriate classifications. This will be facilitated by the Village utilizing the Uniform Accounting Network (UAN) accounting system.

| | |
|----------------|----------|
| Finding Number | 2022-002 |
|----------------|----------|

Material Weakness/Noncompliance – Purchase Order Noncompliance:

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village did not utilize purchase orders during 2021 and part of 2022.

Without certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village implemented the UAN and purchase orders in 2022 and are continuing to utilize them.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

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

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|-----------------------|--------------------------------|--|---------------|-------------------------------|
| 2020-001 | | <u>Financial Reporting/Material Weakness</u> – The Village had a lack of internal controls in place to ensure receipts, expenditures, and fund balances are properly classified on the financial statements. The Village had audit adjustments to its HINKLE filed statements. | Not Corrected | Repeated as 2022-001 |
| 2020-002 | | <u>Material Weakness/Noncompliance – Purchase Orders</u> – Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village did not utilize purchase orders. | Not Corrected | Repeated as 2022-002 |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OSTRANDER

DELAWARE 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 12/5/2023

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