

**VILLAGE OF MT. ORAB
BROWN COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017



**752 High Street
Worthington, Ohio 43085**

OHIO AUDITOR OF STATE
KEITH FABER



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

Village Council
Village of Mt. Orab
211 South High Street
P. O. Box 466
Mt. Orab, Ohio 45154

We have reviewed the *Independent Auditor's Report* of the Village of Mt. Orab, Brown County, prepared by Lindholm + Company, for the audit period January 1, 2017 through December 31, 2018. 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 Mt. Orab 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

October 2, 2019

This page intentionally left blank.

VILLAGE OF MT. ORAB

BROWN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2018.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2018.....	4
Notes to the Financial Statements – For the Year Ended December 31, 2018	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2017.....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2017.....	16
Notes to the Financial Statements – For the Year Ended December 31, 2017	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27

This page intentionally left blank.



752 High Street
Worthington, Ohio 43085
Ph.: (614) 468 – 3068
lindholtmcpa.com

INDEPENDENT AUDITOR'S REPORT

Village of Mt. Orab
Brown County
211 South High Street
Mt. Orab, Ohio 45154

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mt. Orab, Brown County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village 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(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the 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 as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mt. Orab, Brown County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

LINDHOLM + COMPANY

Worthington, Ohio

June 10, 2019

**VILLAGE OF MT. ORAB
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 31,607	\$ 433,908	\$ -	\$ -	\$ 465,515
Municipal Income Taxes	1,280,577	-	-	-	1,280,577
Intergovernmental	39,973	236,600	44,597	-	321,170
Revenue in Lieu of Taxes	-	-	75,368	-	75,368
Charges for Services	-	879,963	-	10,716	890,679
Fines, Licenses, and Permits	248,972	3,698	-	14,363	267,033
Earnings on Investments	26,041	376	-	-	26,417
Miscellaneous	26,471	790,385	-	-	816,856
<i>Total Cash Receipts</i>	<u>1,653,641</u>	<u>2,344,930</u>	<u>119,965</u>	<u>25,079</u>	<u>4,143,615</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,117,894	1,388,944	-	7,978	2,514,816
Public Health Services	7,388	-	-	-	7,388
Leisure Time Activities	24,586	60,281	-	-	84,867
Community Environment	44,566	-	-	-	44,566
Transportation	287,827	207,731	72,658	491	568,707
General Government	298,380	157,243	76,450	-	532,073
Capital Outlay	-	35,936	-	62,945	98,881
Debt Service:					
Principal Retirement	-	159,384	626,016	-	785,400
Interest and Fiscal Charges	97	6,972	278,730	-	285,799
<i>Total Cash Disbursements</i>	<u>1,780,738</u>	<u>2,016,491</u>	<u>1,053,854</u>	<u>71,414</u>	<u>4,922,497</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(127,097)</u>	<u>328,439</u>	<u>(933,889)</u>	<u>(46,335)</u>	<u>(778,882)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	5	112,436	-	5,504	117,945
Transfers In	-	30,000	738,571	-	768,571
Transfers Out	(10,000)	(454,771)	-	-	(464,771)
Other Financing Uses	(19,876)	-	-	-	(19,876)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,871)</u>	<u>(312,335)</u>	<u>738,571</u>	<u>5,504</u>	<u>401,869</u>
Extraordinary Item	200	24,168	-	-	24,368
<i>Net Change in Fund Cash Balances</i>	<u>(156,768)</u>	<u>40,272</u>	<u>(195,318)</u>	<u>(40,831)</u>	<u>(352,645)</u>
<i>Fund Cash Balances, January 1</i>	<u>267,436</u>	<u>517,284</u>	<u>577,445</u>	<u>89,945</u>	<u>1,452,110</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	-	-
Restricted	-	557,556	382,127	49,114	988,797
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Deficit)	110,668	-	-	-	110,668
<i>Fund Cash Balances, December 31</i>	<u>\$ 110,668</u>	<u>\$ 557,556</u>	<u>\$ 382,127</u>	<u>\$ 49,114</u>	<u>\$ 1,099,465</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MT. ORAB
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund		Fiduciary Fund	Totals
	Types		Types	
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 2,804,351	\$ -	\$ -	\$ 2,804,351
Fines, Licenses and Permits	2,400	-	-	2,400
<i>Total Operating Cash Receipts</i>	<u>2,806,751</u>	<u>-</u>	<u>-</u>	<u>2,806,751</u>
Operating Cash Disbursements				
Personal Services	393,931	-	-	393,931
Fringe Benefits	180,618	7,688	-	188,306
Contractual Services	1,189,067	-	-	1,189,067
Supplies and Materials	284,143	-	-	284,143
<i>Total Operating Cash Disbursements</i>	<u>2,047,759</u>	<u>7,688</u>	<u>-</u>	<u>2,055,447</u>
<i>Operating Income (Loss)</i>	<u>758,992</u>	<u>(7,688)</u>	<u>-</u>	<u>751,304</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	255	-	-	255
Sale of Capital Assets	4,027	-	-	4,027
Miscellaneous Receipts	17,280	573	-	17,853
Capital Outlay	(194,410)	-	-	(194,410)
Principal Retirement	(292,691)	-	-	(292,691)
Interest and Other Fiscal Charges	(107,031)	-	-	(107,031)
Other Financing Sources	-	-	267,234	267,234
Other Financing Uses	(233)	-	(267,234)	(267,467)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(572,803)</u>	<u>573</u>	<u>-</u>	<u>(572,230)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	186,189	(7,115)	-	179,074
Transfers In	107,100	-	-	107,100
Transfers Out	(410,900)	-	-	(410,900)
<i>Net Change in Fund Cash Balances</i>	<u>(117,611)</u>	<u>(7,115)</u>	<u>-</u>	<u>(124,726)</u>
<i>Fund Cash Balances, January 1</i>	<u>514,430</u>	<u>135,715</u>	<u>15,682</u>	<u>665,827</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 396,819</u>	<u>\$ 128,600</u>	<u>\$ 15,682</u>	<u>\$ 541,101</u>

The notes to the financial statements are an integral part of this statement.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mt. Orab, Brown County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, public safety, fire and EMS services, water and sewer utilities, garbage services, park recreation, street maintenance, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except the financial statements do not include debt service funds external custodians maintain. Note 8 to the financial statement describes these assets.

Note 2 - Summary of Significant Accounting Policies

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 (i.e., when an encumbrance is approved).

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

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.

STAR Ohio is recorded at share values the mutual funds reports.

Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Police Levy Fund – This fund receives property tax money to pay for the Village’s expenses for police protection.

Fire Levy Fund – This fund receives property tax money to pay for the Village’s expenses for fire protection.

TIF District 4-40 Fund – The fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 80 percent for debt service and 20 percent is paid to other taxing entities.

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

Tax Increment Revenue Bond Fund: This fund is making payments of principal and interest on bonds, and received bond proceeds to fund infrastructure and safety projects within the tax incremental funding district of the Village.

TIF Infrastructure Bond Fund: This fund is for making payments of principal and interest of bonds, and receives bond proceeds for funding ongoing infrastructure project within the tax incremental funding districts of the Village.

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

OWDA #7289 WWTP Phase I Fund – This fund receives debt proceeds for the funding of the sewer plant upgrade.

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

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

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

Waste Collection Operating Fund – This fund receives charges for services from residents to cover the cost of providing waste collection services.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Health Reimbursement Fund – This fund is used to account for the costs associated with the employee health insurance plan for the Village.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Fiduciary Fund:

Mayor's Court Fund: This fund is used to account for the collection and distribution of Mayor's Court fines, fees, and bonds.

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 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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

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.

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Property, Plant, and Equipment

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

Accumulated Leave

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

Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$142,566
Certificates of deposit	247,000
Commercial Paper	196,369
Other time deposits (savings and NOW accounts)	<u>3,646</u>
Total deposits	<u>589,581</u>
STAR Ohio	<u>1,050,985</u>
Total investments	<u>1,050,985</u>
Total deposits and investments	<u>\$1,640,566</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,637,421	\$1,653,846	\$16,425
Special Revenue	2,391,291	2,511,534	120,243
Debt Service	858,535	858,536	1
Capital Projects	30,519	30,583	64
Enterprise	2,877,337	2,935,413	58,076
Internal Service	573	573	0
Total	\$7,795,676	\$7,990,485	\$194,809

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,909,788	\$1,810,614	\$99,174
Special Revenue	2,692,038	2,471,262	220,776
Debt Service	1,079,184	1,053,854	25,330
Capital Projects	79,470	71,414	8,056
Enterprise	3,267,451	3,053,024	214,427
Internal Service	45,000	7,688	37,312
Total	\$9,072,931	\$8,467,856	\$605,075

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. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Taxes (Continued)

Local 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. At the November 6, 2018 general election, Village residents approved an additional .35 percent earnings tax to provide EMS/Fire services. Village residents that own their own home within the Village will receive a credit of .35 percent earnings tax in lieu of property tax paid to support EMS/Fire services.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
2000 OPWC Wastewater Treatment Plant #CT43B	\$9,950	0%
2001 Road Improvement Special Assessment Bonds	\$30,000	4.4-5.25%
2002 OPWC Reservoir Loan #C020D	\$52,500	0%
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$66,045	0%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$77,945	0%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$649,630	2%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$1,402,296	0%
2009 OPWC Apple Street Expansion Loan #C026M	\$220,000	0%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$196,697	0%
2010 Taxable Fire Station Bonds RZEDB	\$1,485,000	6.125-7.25%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$288,911	0%
2010 Water Refunding Bonds	\$1,520,000	1.0-5.2%
2011 Various Purpose Bonds	\$1,385,000	2.0-5.125%
2011 OWDA Water System Improv Phase I (Open) #5877	\$96,568	2%
2012 OPWC Main Street West Improv #C012P	\$298,990	0%
2014 OPWC Brooks-Malott Improv #C016Q	\$68,298	0%
2014 OPWC WWTP Improvement Phase I #CT57R	\$169,167	0%
2014 Sewer System Improvements General Obligation Bonds	\$317,625	3.25%
2015 OWDA Sanitary Sewer Rehab #6894	\$558,318	0.00%
2015 OPWC East Main Street Improv #DC020S	\$336,005	2.25%
2016 Tax Increment Revenue Bonds	\$2,100,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,869,336	0.75%
2016 OWDA WWTP Improv Phase I #7289	\$84,385	2.75%
2017 Fire Equipment Bonds Series 2017	\$112,500	3.00%
2018 OWDA Water Main Extensions #8274	\$2,101	3.04%
Total	\$14,397,267	

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Debt (Continued)

The 1999 Various Purpose General Obligation Bonds were used for street improvements and sewer line extensions, funded by assessments north of the 68/32 intersection. The Bonds were issued in a total amount of \$765,000 and are payable in varying amounts through 2019.

The 2000 Wastewater Treatment Plant Improvement Ohio Public Works Commissions Loan (OPWC) #CT43B relates to a sewer plan improvement project. The OPWC loaned the Village \$99,500 for this project. The Village will repay the loan in semi-annual installments over 20 years with a final payment date of July 1, 2020.

The 2001 Road Improvement Special Assessment General Obligation Bonds were used to make improvements to State Route 68. The Bonds were issued in a total amount of \$140,000 and are payable in varying amounts through 2021.

The 2002 OPWC Reservoir Loan #C020D relates to the creation of a water reservoir. The OPWC loaned the Village \$300,000 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of July 1, 2022.

The 2003 OPWC Phase I High Street Improvement Loan #C020G relates to a street improvement project within the Village. The OPWC loaned the Village \$240,162 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2024.

The 2004 OPWC Phase 2 High Street Improvement Loan #C020H relates to a street improvement project within the Village. The OPWC loaned the Village \$239,830 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2025.

The 2004 Ohio Water Development Authority (OWDA) Water Treatment Plant Upgrade Loan #4078 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$1,757,942 with interest at 2% to the Village for this project. The Village will repay the loan in semiannual installments of \$53,539 including interest, over 20 years and payments began on July 1, 2005, with the final payment due January 1, 2025.

The 2007 OWDA Phase I Pump Station Waste Water Treatment Plant Improvement Loan #4785 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$2,952,202 to the Village for this project. The Village will repay the remaining loan balance in semiannual installments of \$73,805 through January 2028.

The 2009 OPWC Apple Street Expansion Loan #C026M relates to a street improvement project within the Village. The OPWC has approved a \$300,000 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$5,000 over 30 years. Payments began on January 1, 2011, with the final payment due July 1, 2040.

The 2010 OPWC Commercial & Industrial Access Road Phase I Loan #C014N relates to a street improvement project within the Village. The OPWC has approved a \$262,263 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$4,371 over 30 years. Payments began on July 1, 2011, with the final payment due July 1, 2041.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Debt (Continued)

The 2010 Taxable Fire Station Recovery Zone Bonds were used to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2035. These bonds contain an annual federal reimbursement subsidy applicable to interest costs over the life of these bonds.

The 2010 OPWC Commission & Industrial Access Road Phase II Loan #C019O relates to Phase II of a street improvement project within the Village. The OPWC has approved a \$376,841 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,281 over 30 years. Payments began on July 1, 2012, with the final payment due January 1, 2042.

The 2010 Water Refunding Bonds were used to advance refund \$820,000 of the 2002 First Mortgage Waterworks System Revenue bonds, retire a \$807,000 Water Purchase Rights Note and provide additional funding for improvements to the Village's waterworks system. The Bonds were issued in a total amount of \$2,120,000 and are payable in varying amounts through 2030. The Village has agreed to various bond covenants, including establishing Reserve Accounts with a Bond Trustee, and to set utility rates sufficient to maintain net income at 125% of a maximum annual debt service requirement. See Related Trustee note disclosure included in Note 7.

The 2011 Various Purpose Bonds were issued to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2034.

The 2011 OWDA Water System Improvement Phase I Loan #5877 relates to a water system improvement project within the Village. The OWDA has approved a \$139,098.75 loan at 2.0% interest to the Village. The loan payments began January 1, 2012 and paid off July 1, 2031.

The 2012 OPWC Main Street West Improvements Loan #C012P relates to a street improvement project within the Village. The OWDA has approved a \$373,737 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,229 over 30 years. Payments begin on January 1, 2013, with the final payment due July 1, 2042.

The 2014 OPWC Brooks Malott Loan #C016Q relates to a road improvement project within the Village. The OPWC has approved a \$100,000 interest free loan to the Village. The amortization payments began July 1, 2015 and requires annual payments of \$2,577.26 annually until paid off January 1, 2045.

The 2014 OPWC WWTP Improvement Phase I Loan #CT57R relates to a sewer plant improvement project within the Village. The OPWC loan was authorized for \$175,000 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$5,833.33.

The 2014 Sewer System Improvement Bonds were issued construct improvements to the Village's sewer system. The Bonds were issued in a total amount of \$385,000 and are payable in varying amounts through June 15, 2035. Annual principal payments are \$19,250.00 with a 3.25% interest rate.

The 2014 Fire Truck Acquisition General Obligation Bonds were issued to purchase a Village fire truck. The Bonds were issued in a total amount of \$255,000 and are payable in varying amounts through 2018 at a 2.9% interest rate.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Debt (Continued)

The 2015 OWDA Sanitary Sewer Rehab Loan #6894 relates to improvement in the sewer system within the Village. The OWDA loan was authorized for \$661,562.90 at 0% interest. The payment schedule started January 1, 2016 with annual payments of \$33,078.14 through July 1, 2035.

The 2015 OPWC East Main Street Improvement Loan #DC020S relates to a road improvement project within the Village. The OPWC loan was authorized for \$360,441.82 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$12,218.36.

The Tax Increment Revenue Bonds Series 2016 was a consolidation of various tax increment revenue notes issued to finance public infrastructure improvements. The Bonds were issued on April 5, 2016 in the amount of \$2,440,000 and are payable in varying amounts through 2031 at a 2.9% interest rate.

The 2016 OWDA Wastewater Treatment Plant Loan #7289 is a combination of two loans and relates to an upgrade in the sewer plant within the Village. The first #7289 loan is a \$3,003,069.85 principal at a .75% interest rate with a July 1, 2017 through January 1, 2047 payment schedule. The seconded OWDA WWTP Improvement Phase I loan #7289 is a \$380,814 principal at a 2.75% interest rate with the same July 1, 2017 through January 1, 2047 payment schedule.

The 2017 Fire Equipment Bonds were issued to purchase Village fire equipment. The Bonds were issued in the total amount of \$150,000 and are payable in \$12,500 increments on June 1st and December 1st beginning December 1, 2017 at a 3% interest rate.

The 2018 OWDA Water Main Extensions Loan #8274 relates to improvement in the sewer system within the Village. The OWDA loan was authorized for \$600,768.26 at 3.04% interest. The funds haven't been fully distributed.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	General Obligation Bonds	Taxable Recovery Zone Bonds	Revenue Bonds	Total
2019	\$108,365	\$381,013	\$220,000	\$60,000	\$149,250	\$918,628
2020	108,365	383,961	230,000	65,000	159,250	946,576
2021	103,390	386,961	235,000	65,000	164,250	954,601
2022	95,890	390,014	245,000	70,000	169,250	970,154
2023	88,390	393,122	237,500	70,000	134,250	923,262
2024-2028	345,943	1,554,199	1,225,000	405,000	736,250	4,266,392
2029-2033	321,951	744,935	1,080,000	505,000	326,250	2,978,136
2034-2038	321,952	648,617	125,000	245,000	28,875	1,369,444
2039-2043	232,516	611,896	-	-	-	844,412
2044-2047	57,745	457,949	-	-	-	515,694
Total	\$1,784,507	\$5,952,667	\$3,597,500	\$1,485,000	\$1,867,625	\$14,687,299

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Debt Service Trust Funds

The 2010 Water Refunding Bonds trust agreement also required the Village to establish various funds to be maintained by a custodian trustee that is funded from the proceeds of the 2010 Water Refunding Bonds along with available funds previously maintained in other bond accounts related to bonds that were advance refunded. The Village has established these funds. At December 31, 2018, the custodian trustee held \$225,086 in Village assets.

Note 8 – Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2018, OP&F participants contributed 12.25% of their wages. For 2018, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2018, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Wrongful Acts
- Law Enforcement Liability
- Excess Liability
- EDP
- Property, Automobile, Inland Marine; and
- Crime.

The Village also provides health and life insurance coverage for full time employees through a private carrier.

Note 10 – Related Organizations

The Mt. Orab Port Authority is a related organization of the Village of Mt. Orab. Although the Port Authority is legally separate from the Village, the Port Authority is accountable to the Village because the Village appoints the Port Authority's board.

**VILLAGE OF MT. ORAB
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 52,631	\$ 404,421	\$ -	\$ -	\$ 457,052
Municipal Income Tax	1,248,053	-	-	-	1,248,053
Intergovernmental	43,377	669,144	45,973	-	758,494
Special Assessments	-	-	76,330	-	76,330
Charges for Services	-	696,777	-	10,302	707,079
Fines, Licenses and Permits	242,169	41,883	-	15,832	299,884
Earnings on Investments	7,390	113	-	-	7,503
Miscellaneous	26,183	756,973	-	-	783,156
<i>Total Cash Receipts</i>	<u>1,619,803</u>	<u>2,569,311</u>	<u>122,303</u>	<u>26,134</u>	<u>4,337,551</u>
Cash Disbursements					
Current:					
Security of Persons and Property	988,857	1,934,375	-	5,431	2,928,663
Leisure Time Activities	34,889	36,222	-	-	71,111
Community Environment	40,284	-	-	-	40,284
Basic Utility Services	-	-	-	1,536,290	1,536,290
Transportation	176,545	223,139	-	-	399,684
General Government	254,683	142,027	2,207	-	398,917
Debt Service:					
Principal Retirement	64,796	80,261	506,476	-	651,533
Interest and Fiscal Charges	3,091	4,345	274,608	-	282,044
<i>Total Cash Disbursements</i>	<u>1,563,145</u>	<u>2,420,369</u>	<u>783,291</u>	<u>1,541,721</u>	<u>6,308,526</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,658</u>	<u>148,942</u>	<u>(660,988)</u>	<u>(1,515,587)</u>	<u>(1,970,975)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	-	-	1,527,194	1,527,194
Other Debt Proceeds	10,000	140,000	-	-	150,000
Sale of Capital Assets	23,484	55,253	-	51,316	130,053
Transfers In	-	55,000	729,016	-	784,016
Transfers Out	(55,000)	(445,216)	-	-	(500,216)
Advances In	212,592	438,893	226,301	-	877,786
Advances Out	(212,592)	(438,893)	(226,301)	-	(877,786)
Other Financing Sources	-	750	-	-	750
Other Financing Uses	(9,283)	-	-	-	(9,283)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,799)</u>	<u>(194,213)</u>	<u>729,016</u>	<u>1,578,510</u>	<u>2,082,514</u>
Extraordinary Item	9,630	-	-	-	9,630
<i>Net Change in Fund Cash Balances</i>	35,489	(45,271)	68,028	62,923	121,169
<i>Fund Cash Balances, January 1</i>	<u>231,947</u>	<u>562,555</u>	<u>509,417</u>	<u>27,022</u>	<u>1,330,941</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	-	-
Restricted	-	517,284	577,445	89,945	1,184,674
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Deficit)	267,436	-	-	-	267,436
<i>Fund Cash Balances, December 31</i>	<u>\$ 267,436</u>	<u>\$ 517,284</u>	<u>\$ 577,445</u>	<u>\$ 89,945</u>	<u>\$ 1,452,110</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MT. ORAB
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Types	Fiduciary Fund Types		Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 2,671,261	\$ -	\$ -	\$ 2,671,261
Fines, Licenses and Permits	2,400	-	-	2,400
<i>Total Operating Cash Receipts</i>	<u>2,673,661</u>	<u>-</u>	<u>-</u>	<u>2,673,661</u>
Operating Cash Disbursements				
Personal Services	382,021	-	-	382,021
Fringe Benefits	158,315	12,469	-	170,784
Contractual Services	993,672	-	-	993,672
Supplies and Materials	263,102	-	-	263,102
<i>Total Operating Cash Disbursements</i>	<u>1,797,110</u>	<u>12,469</u>	<u>-</u>	<u>1,809,579</u>
<i>Operating Income (Loss)</i>	<u>876,551</u>	<u>(12,469)</u>	<u>-</u>	<u>864,082</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	27,249	5,482	-	32,731
Capital Outlay	(96,587)	-	-	(96,587)
Principal Retirement	(275,321)	-	-	(275,321)
Interest and Other Fiscal Charges	(113,604)	-	-	(113,604)
Other Financing Sources	-	-	253,821	253,821
Other Financing Uses	(850)	-	(253,821)	(254,671)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(459,113)</u>	<u>5,482</u>	<u>-</u>	<u>(453,631)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>417,438</u>	<u>(6,987)</u>	<u>-</u>	<u>410,451</u>
Transfers In	107,100	-	-	107,100
Transfers Out	(390,900)	-	-	(390,900)
<i>Net Change in Fund Cash Balances</i>	<u>133,638</u>	<u>(6,987)</u>	<u>-</u>	<u>126,651</u>
<i>Fund Cash Balances, January 1</i>	<u>380,792</u>	<u>142,702</u>	<u>15,682</u>	<u>539,176</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 514,430</u>	<u>\$ 135,715</u>	<u>\$ 15,682</u>	<u>\$ 665,827</u>

The notes to the financial statements are an integral part of this statement.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mt. Orab, Brown County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, public safety, fire and EMS services, water and sewer utilities, garbage services, park recreation, street maintenance, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except the financial statements do not include debt service funds external custodians maintain. Note 8 to the financial statement describes these assets.

Note 2 - Summary of Significant Accounting Policies

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 (i.e., when an encumbrance is approved).

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

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.

STAR Ohio is recorded at share values the mutual funds reports.

Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Police Levy Fund – This fund receives property tax money to pay for the Village’s expenses for police protection.

Fire Levy Fund – This fund receives property tax money to pay for the Village’s expenses for fire protection.

TIF District 4-40 Fund – The fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 80 percent for debt service and 20 percent is paid to other taxing entities.

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

Tax Increment Revenue Bond Fund: This fund is making payments of principal and interest on bonds, and received bond proceeds to fund infrastructure and safety projects within the tax incremental funding district of the Village.

TIF Infrastructure Bond Fund: This fund is for making payments of principal and interest of bonds, and receives bond proceeds for funding ongoing infrastructure project within the tax incremental funding districts of the Village.

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

OWDA #7289 WWTP Phase I Fund – This fund receives debt proceeds for the funding of the sewer plant upgrade.

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

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

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

Waste Collection Operating Fund – This fund receives charges for services from residents to cover the cost of providing waste collection services.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Health Reimbursement Fund – This fund is used to account for the costs associated with the employee health insurance plan for the Village.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Fiduciary Fund:

Mayor's Court Fund: This fund is used to account for the collection and distribution of Mayor's Court fines, fees, and bonds.

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 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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

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.

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Property, Plant, and Equipment

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

Accumulated Leave

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

Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2017</u>
Demand deposits	\$1,967,358
STAR Ohio	<u>150,579</u>
Total deposits and investments	<u>\$2,117,937</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,636,778	\$1,653,287	\$16,509
Special Revenue	2,775,405	2,820,314	44,909
Debt Service	851,317	851,319	2
Capital Projects	1,602,718	1,604,644	1,926
Enterprise	2,794,666	2,808,010	13,344
Internal Service	4,984	5,482	498
Total	\$9,665,868	\$9,743,056	\$77,188

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,782,652	\$1,627,428	\$155,224
Special Revenue	3,071,543	2,865,585	205,958
Debt Service	979,697	783,291	196,406
Capital Projects	1,617,564	1,541,721	75,843
Enterprise	3,023,331	2,674,372	348,959
Internal Service	50,000	12,469	37,531
Total	\$10,524,787	\$9,504,866	\$1,019,921

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. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes (Continued)

Local Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1999 Various Purpose General Obligation Bonds	\$60,000	4.65-5.2%
2000 OPWC Wastewater Treatment Plant #CT43B	\$14,925	0%
2001 Road Improvement Special Assessment Bonds	\$40,000	4.4-5.25%
2002 OPWC Reservoir Loan #C020D	\$67,500	0%
2003 OPWC Phase 1 High Street Improv Loan #C020G	\$78,053	0%
2004 OPWC Phase 2 High Street Improv Loan #C020H	\$89,936	0%
2004 OWDA Water Treatment Plant Upgrade Loan #4078	\$742,323	2%
2007 OWDA Waste Water Treatment Plant Improv #4785	\$1,549,906	0%
2009 OPWC Apple Street Expansion Loan #C026M	\$230,000	0%
2010 OPWC Comm & Ind Access Road Phase I #C014N	\$205,440	0%
2010 Taxable Fire Station Bonds RZEDB	\$1,545,000	6.125-7.25%
2010 OPWC Comm & Ind Access Road Phase II #C0190	\$301,473	0%
2010 Water Refunding Bonds	\$1,635,000	1.0-5.2%
2011 Various Purpose Bonds	\$1,445,000	2.0-5.125%
2011 OWDA Water System Improv Phase I (Open) #5877	\$103,013	2%
2012 OPWC Main Street West Improv #C012P	\$311,448	0%
2014 OPWC Brooks-Malott Improv #C016Q	\$70,875	0%
2014 OPWC WWTP Improvement Phase I #CT57R	\$175,000	0%
2014 Sewer System Improvements General Obligation Bonds	\$336,875	3.25%
2015 Fire Truck Acquisition Bonds	\$55,000	2.90%
2015 OWDA Sanitary Sewer Rehab #6894	\$499,355	0.00%
2015 OPWC East Main Street Improv #DC020S	\$348,223	2.25%
2016 Tax Increment Revenue Bonds	\$2,235,000	2.90%
2016 OWDA WWTP Improv Phase I #7289	\$2,959,319	0.75%
2016 OWDA WWTP Improv Phase I #7289	\$92,808	2.75%
2017 Fire Equipment Bonds Series 2017	\$137,500	3.00%
Total	<u>\$15,328,972</u>	

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Debt (Continued)

The 1999 Various Purpose General Obligation Bonds were used for street improvements and sewer line extensions, funded by assessments north of the 68/32 intersection. The Bonds were issued in a total amount of \$765,000 and are payable in varying amounts through 2019.

The 2000 Wastewater Treatment Plant Improvement Ohio Public Works Commissions Loan (OPWC) #CT43B relates to a sewer plan improvement project. The OPWC loaned the Village \$99,500 for this project. The Village will repay the loan in semi-annual installments over 20 years with a final payment date of July 1, 2020.

The 2001 Road Improvement Special Assessment General Obligation Bonds were used to make improvements to State Route 68. The Bonds were issued in a total amount of \$140,000 and are payable in varying amounts through 2021.

The 2002 OPWC Reservoir Loan #C020D relates to the creation of a water reservoir. The OPWC loaned the Village \$300,000 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of July 1, 2022.

The 2003 OPWC Phase I High Street Improvement Loan #C020G relates to a street improvement project within the Village. The OPWC loaned the Village \$240,162 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2024.

The 2004 OPWC Phase 2 High Street Improvement Loan #C020H relates to a street improvement project within the Village. The OPWC loaned the Village \$239,830 for this project. The Village will repay the loan in semiannual installments over 20 years with a final payment date of January 1, 2025.

The 2004 Ohio Water Development Authority (OWDA) Water Treatment Plant Upgrade Loan #4078 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$1,757,942 with interest at 2% to the Village for this project. The Village will repay the loan in semiannual installments of \$53,539 including interest, over 20 years and payments began on July 1, 2005, with the final payment due January 1, 2025.

The 2007 OWDA Phase I Pump Station Waste Water Treatment Plant Improvement Loan #4785 relates to upgrades to the Village's water treatment plant. The OWDA loaned \$2,952,202 to the Village for this project. The Village will repay the remaining loan balance in semiannual installments of \$73,805 through January 2028.

The 2009 OPWC Apple Street Expansion Loan #C026M relates to a street improvement project within the Village. The OPWC has approved a \$300,000 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$5,000 over 30 years. Payments began on January 1, 2011, with the final payment due July 1, 2040.

The 2010 OPWC Commercial & Industrial Access Road Phase I Loan #C014N relates to a street improvement project within the Village. The OPWC has approved a \$262,263 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$4,371 over 30 years. Payments began on July 1, 2011, with the final payment due July 1, 2041.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Debt (Continued)

The 2010 Taxable Fire Station Recovery Zone Bonds were used to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2035. These bonds contain an annual federal reimbursement subsidy applicable to interest costs over the life of these bonds.

The 2010 OPWC Commission & Industrial Access Road Phase II Loan #C019O relates to Phase II of a street improvement project within the Village. The OPWC has approved a \$376,841 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,281 over 30 years. Payments began on July 1, 2012, with the final payment due January 1, 2042.

The 2010 Water Refunding Bonds were used to advance refund \$820,000 of the 2002 First Mortgage Waterworks System Revenue bonds, retire a \$807,000 Water Purchase Rights Note and provide additional funding for improvements to the Village's waterworks system. The Bonds were issued in a total amount of \$2,120,000 and are payable in varying amounts through 2030. The Village has agreed to various bond covenants, including establishing Reserve Accounts with a Bond Trustee, and to set utility rates sufficient to maintain net income at 125% of a maximum annual debt service requirement. See Related Trustee note disclosure included in Note 7.

The 2011 Various Purpose Bonds were issued to construct a new Village Fire Station. The Bonds were issued in a total amount of \$1,800,000 and are payable in varying amounts through 2034.

The 2011 OWDA Water System Improvement Phase I Loan #5877 relates to a water system improvement project within the Village. The OWDA has approved a \$139,098.75 loan at 2.0% interest to the Village. The loan payments began January 1, 2012 and paid off July 1, 2031.

The 2012 OPWC Main Street West Improvements Loan #C012P relates to a street improvement project within the Village. The OWDA has approved a \$373,737 interest free loan to the Village. The Village will repay the loan in semiannual installments of \$6,229 over 30 years. Payments begin on January 1, 2013, with the final payment due July 1, 2042.

The 2014 OPWC Brooks Malott Loan #C016Q relates to a road improvement project within the Village. The OPWC has approved a \$100,000 interest free loan to the Village. The amortization payments began July 1, 2015 and requires annual payments of \$2,577.26 annually until paid off January 1, 2045.

The 2014 OPWC WWTP Improvement Phase I Loan #CT57R relates to a sewer plant improvement project within the Village. The OPWC loan was authorized for \$175,000 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$5,833.33.

The 2014 Sewer System Improvement Bonds were issued construct improvements to the Village's sewer system. The Bonds were issued in a total amount of \$385,000 and are payable in varying amounts through June 15, 2035. Annual principal payments are \$19,250.00 with a 3.25% interest rate.

The 2014 Fire Truck Acquisition General Obligation Bonds were issued to purchase a Village fire truck. The Bonds were issued in a total amount of \$255,000 and are payable in varying amounts through 2018 at a 2.9% interest rate.

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Debt (Continued)

The 2015 OWDA Sanitary Sewer Rehab Loan #6894 relates to improvement in the sewer system within the Village. The OWDA loan was authorized for \$661,562.90 at 0% interest. The payment schedule started January 1, 2016 with annual payments of \$33,078.14 through July 1, 2035.

The 2015 OPWC East Main Street Improvement Loan #DC020S relates to a road improvement project within the Village. The OPWC loan was authorized for \$360,441.82 at 0% interest. The payment schedule started January 1, 2016 with annual payments through January 1, 2046 in the amount of \$12,218.36.

The Tax Increment Revenue Bonds Series 2016 was a consolidation of various tax increment revenue notes issued to finance public infrastructure improvements. The Bonds were issued on April 5, 2016 in the amount of \$2,440,000 and are payable in varying amounts through 2031 at a 2.9% interest rate.

The 2016 OWDA Wastewater Treatment Plant Loan #7289 is a combination of two loans and relates to an upgrade in the sewer plant within the Village. The first #7289 loan is a \$3,003,069.85 principal at a .75% interest rate with a July 1, 2017 through January 1, 2047 payment schedule. The seconded OWDA WWTP Improvement Phase I loan #7289 is a \$380,814 principal at a 2.75% interest rate with the same July 1, 2017 through January 1, 2047 payment schedule.

The 2017 Fire Equipment Bonds were issued to purchase Village fire equipment. The Bonds were issued in the total amount of \$150,000 and are payable in \$12,500 increments on June 1st and December 1st beginning December 1, 2017 at a 3% interest rate.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	General Obligation Bonds	Taxable Recovery Zone Bonds	Refunding Bonds	Total
2018	\$ 108,365	\$ 378,118	\$ 275,000	\$ 60,000	\$ 204,250	\$ 1,025,733
2019	108,365	381,016	220,000	60,000	149,250	918,631
2020	108,365	383,967	230,000	65,000	159,250	946,582
2021	103,390	386,970	235,000	65,000	164,250	954,610
2022	95,890	390,026	245,000	70,000	169,250	970,166
2023-2027	369,942	1,724,823	1,197,500	390,000	741,250	4,423,515
2028-2032	321,952	821,539	1,225,000	475,000	436,250	3,279,741
2033-2037	321,952	676,380	245,000	360,000	48,125	1,651,457
2038-2042	276,277	606,312	-	-	-	882,589
2043-2045	78,375	581,634	-	-	-	660,009
Total	<u>\$ 1,892,873</u>	<u>\$ 6,330,785</u>	<u>\$ 3,872,500</u>	<u>\$ 1,545,000</u>	<u>\$ 2,071,875</u>	<u>\$ 15,713,033</u>

Village of Mt. Orab, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 – Debt Service Trust Funds

The 2010 Water Refunding Bonds trust agreement also required the Village to establish various funds to be maintained by a custodian trustee that is funded from the proceeds of the 2010 Water Refunding Bonds along with available funds previously maintained in other bond accounts related to bonds that were advance refunded. The Village has established these funds. At December 31, 2017, the custodian trustee held \$207,988 in Village assets.

Note 8 – Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2017, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Wrongful Acts
- Law Enforcement Liability
- Excess Liability
- EDP
- Property, Automobile, Inland Marine; and
- Crime.

The Village also provides health and life insurance coverage for full time employees through a private carrier.

Note 10 – Related Organizations

The Mt. Orab Port Authority is a related organization of the Village of Mt. Orab. Although the Port Authority is legally separate from the Village, the Port Authority is accountable to the Village because the Village appoints the Port Authority's board.



**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 Mt. Orab
Brown County
211 South High Street
Mt. Orab, Ohio 45154

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Mt. Orab, Brown County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 10, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village’s internal control. Accordingly, we have not opined on it.

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 entity’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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

LINDHOLM + COMPANY

Worthington, Ohio
June 10, 2019

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MOUNT ORAB

BROWN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 15, 2019**