



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF DEGRAFF
LOGAN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



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Columbus, Ohio 43215
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Village Council
Village of Degraff
P.O. Box 309
Degraff, OH 43318

We have reviewed the *Independent Auditor's Report* of the Village of Degraff, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. 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 Degraff is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2024

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**VILLAGE OF DEGRAFF
LOGAN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of DeGraff
Logan County
107 South Main Street
DeGraff, Ohio 43318

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of DeGraff, Logan County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 25, 2024

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 33,144	\$ 39,824	\$ 72,968
Municipal Income Tax	350,409	-	350,409
Intergovernmental	69,377	100,402	169,779
Charges for Services	100	11,698	11,798
Fines, Licenses and Permits	22,873	558	23,431
Earnings on Investments	7,726	685	8,411
Miscellaneous	23,989	10,678	34,667
<i>Total Cash Receipts</i>	<u>507,618</u>	<u>163,845</u>	<u>671,463</u>
Cash Disbursements			
Current:			
Security of Persons and Property	125,932	37,843	163,775
Public Health Services	-	8,842	8,842
Leisure Time Activities	53,732	-	53,732
Community Environment	6,321	-	6,321
Transportation	-	118,790	118,790
General Government	202,072	350	202,422
Debt Service:			
Principal Retirement	5,933	2,520	8,453
Interest and Fiscal Charges	393	515	908
<i>Total Cash Disbursements</i>	<u>394,383</u>	<u>168,860</u>	<u>563,243</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>113,235</u>	<u>(5,015)</u>	<u>108,220</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(205,000)	-	(205,000)
Other Financing Uses	(193)	-	(193)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(205,193)</u>	<u>-</u>	<u>(205,193)</u>
<i>Net Change in Fund Cash Balances</i>	(91,958)	(5,015)	(96,973)
<i>Fund Cash Balances, January 1 (Restated - See note 15)</i>	<u>440,468</u>	<u>172,660</u>	<u>613,128</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 348,510</u></u>	<u><u>\$ 167,645</u></u>	<u><u>\$ 516,155</u></u>

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

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 664,748
Miscellaneous	36,276
<i>Total Operating Cash Receipts</i>	<u>701,024</u>
Operating Cash Disbursements	
Personal Services	189,575
Employee Fringe Benefits	81,699
Contractual Services	93,709
Supplies and Materials	54,623
Other	173,007
<i>Total Operating Cash Disbursements</i>	<u>592,613</u>
<i>Operating Income (Loss)</i>	<u>108,411</u>
Intergovernmental Receipts	8,583
Loans Issued	88,046
Capital Outlay	(42,168)
Principal Retirement	(105,999)
Interest and Other Fiscal Charges	(32,500)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(84,038)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	24,373
Transfers In	265,500
Transfers Out	<u>(60,500)</u>
<i>Net Change in Fund Cash Balances</i>	229,373
<i>Fund Cash Balances, January 1 (Restated - See note 15)</i>	<u>642,780</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 872,153</u></u>

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

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 16,182
<i>Total Additions</i>	<u>16,182</u>
Deductions	
Distributions to Other Governments	3,102
Distributions to Other Funds (Primary Gov't)	11,680
<i>Total Deductions</i>	<u>14,782</u>
Net Change in Fund Balances	1,400
<i>Fund Cash Balances, January 1</i>	<u>-</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,400</u></u>

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

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of DeGraff (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, cemetery operations, and police and fire services. The Village contracts with Riverside EMS to provide ambulance services to the local residents.

Joint Ventures and Public Entity Risk Pools

The Village participates in two joint ventures and a public entity risk pool. Notes 7, 12, and 13 to the financial statements provide additional information for these entities. These organizations are:

Joint Ventures:

The Quincy-DeGraff Waste Water Treatment Facility
The Greenwood-Union Cemetery

Public Entity Risk Pool:

Public Entity Risk Pool of Ohio

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 combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

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

State Highway Fund – The State Highway Fund accounts for maintenance and repair fund accounts for and reports a portion of the State gasoline tax for State routes located within the Village.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permissive Motor Vehicle Tax – The Permissive Motor Vehicle Tax Fund account for maintenance and repair fund accounts for and reports that Permissive Tax Fund for construction, maintenance and repair of streets located within the Village.

Fire Fund - The fire fund accounts property taxes restricted for the operations of the DeGraff Volunteer Fire Department.

Court Computerization Fund – The court computerization Funds is for the operation of the Clerk of Courts to have money for computer programing and equipment.

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

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

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

Water Deposit Fund – The Water Deposit Fund accounts for the deposits on the resident's account for refund on their final bill

Sewer Deposit Fund – The Sewer Deposit Fund accounts for the deposits on the resident's account for refund on their final bill

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.

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

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Village 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.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 425,264	\$ 507,618	\$ 82,354
Special Revenue	160,955	163,845	2,890
Enterprise	2,316,000	1,063,153	(1,252,847)
Total	<u>\$ 2,902,219</u>	<u>\$ 1,734,616</u>	<u>\$ (1,167,603)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 871,886	\$ 683,367	\$ 188,519
Special Revenue	329,760	201,035	128,725
Enterprise	2,538,823	1,046,274	1,492,549
Total	<u>\$ 3,740,469</u>	<u>\$ 1,930,676</u>	<u>\$ 1,809,793</u>

Note 4 – Deposits

A summary of the Village's deposit and investment accounts are as follows:

	2023
Demand deposits	\$ 1,389,708

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits (Continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$7,969 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

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

Note 6 – Interfund Balances

There were no outstanding advances at December 31, 2023, to any fund to provide working capital for operations or projects

Note 7 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management (Continued)

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Workers' Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

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

Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 19.5 percent of their wages. The Village contributed to OP&F an amount equal to 24 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:		
Police Cruiser	\$ 9,500	2.15%
Dump Truck	65,311	2.13%
Ohio Public Works Commission Loan:		
CM271 - Water Tower	87,703	0.00%
Ohio Water Development Authority Loans:		
4939 - Water Tower Replacement	192,832	4.71%
7407 Sanitary Sewer Pump Station	312,296	0.00%
9501 - Water Tower Refinance	328,203	2.23%
10442 - Water Treatment Plant Rehabilitation	87,495	2.36%
Buckeye State Bank:		
Annex Building	1,333	5.75%
Total	<u>\$ 1,084,673</u>	

In 2021, the Village was issued \$23,000 Police Cruiser Revenue Bonds purchased by USDA Rural Development to purchase a new police cruiser. The bonds bear interest at 2.13 percent and require annual payments of \$4,600 to \$4,800 through 2025. The revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (Continued)

In 2021, the Village issued \$80,000 Vehicle and Equipment Acquisition Limited Tax General Obligation Bonds, Series 2021 purchased by USDA Rural Development to purchase a new dump truck. The bonds bear interest at 2.13 percent and require semi-annual payments through 2031. The full distribution of the funds did not occur until 2022.

The Village has one loan outstanding with the Ohio Public Works Commission (OPWC) for waterline and water tower replacements to be repaid in semi-annual installments of \$7,309 over 20 years.

In 2010, the Village issued \$433,000 Water System Mortgage Revenue Bonds purchased by USDA Rural Development to retire OWDA loan #4892 for the improvement of its water system including the construction of a new water tower. In 2022, the Village retired the Bonds by refinancing through OWDA with loan #9501. The refinanced loan bears interest at 2.23% and requires semi-annual interest payments and annual principal payments of \$11,651.

The Village has four loans outstanding with the Ohio Water Development Authority (OWDA). One of the loans are for the improvement of the Village's water system and one loan will be repaid over 30 years. One loan is for the Sanitary Sewer Pump Station and Force Main and will be repaid over 20 years. One loan is for the refinance of the Water System Mortgage Revenue Bonds as mentioned in the above paragraph. The last loan is for the Water Treatment Plant Rehabilitation that the Village received loan proceeds in the amount of \$87,495 for in 2023, but payments do not begin on the loan until 2026 and an amortization schedule is not yet available.

The Village paid off an OWDA loan for the Water Treatment Plant during 2023.

In 2009, the Village purchased real estate located at 112 South Main Street (the Roxy building) to provide additional office space for the Village. The purchase was financed with a \$20,000 loan through the Citizens Bank of DeGraff at 5.75 percent. The loan will be repaid over the next 15 years with semi-annual interest payments and annual principal payments of \$1,333 beginning in 2010.

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC Loans	ODWA Loans	Annex Building Loan
2024	\$ 13,830	\$ 14,617	\$ 61,548	\$ 1,372
2025	13,762	14,617	61,607	-
2026	8,921	14,617	61,670	-
2027	8,952	14,617	61,735	-
2028	8,881	14,617	61,804	-
2029-2033	26,768	14,618	310,170	-
2034-2038	-	-	290,141	-
2039-2040	-	-	63,809	-
Total	<u>\$ 81,114</u>	<u>\$ 87,703</u>	<u>\$ 972,484</u>	<u>\$ 1,372</u>

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Contingent Liabilities

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

Note 12 – Joint Ventures

A. Quincy-DeGraff Waste Water Treatment Plant

The Village of DeGraff and the Village Quincy jointly own and operate a waste water treatment facility. Both communities include in their budgets and annual appropriations for their respective portion of these costs. Both communities agree to adjust and collect sewer revenues sufficient to cover these costs. Financial responsibility will continue as long as the Village is a joint owner of this facility.

The approximate share of cost to be paid by each entity is determined by the actual flow from each community (which is measurable) into the plant. On July 1st of each year, the percentage of cost ratio is reviewed and adjusted based on actual flow for the previous year, and the newly established rates take effect on January 1st of the following year. In 2023, the Village share paid to the Village of Quincy was \$90,765 for operating costs and debt retirement, respectively.

The Village of DeGraff and the Village of Quincy have established a Joint Sewer Board Committee (JSB) in order to meet and discuss issues concerning the waste water treatment plant. The JSB meets monthly, and reports all issues and concerns with operations to their respective Mayors and Councils for review. Legislative issues require the majority vote of both Councils. Mayors of each community appoint the Joint Sewer Board Committee members annually and the Fiscal Officer of DeGraff is the Committee Clerk and the Fiscal Officer of Quincy is the Treasurer. The Mayors of each community acts as Chairman for the JSB on opposite years.

B. Greenwood-Union Cemetery

The Village of DeGraff and the Pleasant Township Trustees jointly own and operate the cemetery. Each entity collects tax revenues for the operations of the Cemetery. The Village will continue financial responsibility as long as the Village is a joint owner of this facility.

The Greenwood-Union Cemetery Board members are appointed by their respective entities. It is a threemember Board. The majority vote revolves every two years. The Pleasant Township Trustees appointed two members to the board in 2020. The Village Mayor appointed one council member to the Cemetery Board in 2021. The Cemetery Board has voting authority for the cemetery.

Note 13 – Public Entity Risk Pool

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven-member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty-day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

Village of DeGraff, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 14 – 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	General	Special Revenue	Total
Outstanding Encumbrances	\$ 83,791	\$ 32,175	\$ 115,966
<i>Total</i>	<u>\$ 83,791</u>	<u>\$ 32,175</u>	<u>\$ 115,966</u>

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

Note 15 – Restatement of Beginning Fund Balances

The following adjustments are reflected in the January 1, 2023 General, Special Revenue, and Enterprise fund balances:

	General Fund	Special Revenue Fund	Enterprise Fund
December 31, 2022 ending balance	\$ 440,341	\$ 171,447	\$ 642,062
To account for voided checks in 2023 from 2022	127	1,213	718
January 1, 2023 restated balance	<u>\$ 440,468</u>	<u>\$ 172,660</u>	<u>\$ 642,780</u>

**VILLAGE OF DEGRAFF
LOGAN 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	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 34,568	\$ 41,777	\$ 76,345
Municipal Income Tax	309,446	-	309,446
Intergovernmental	38,325	166,235	204,560
Charges for Services	200	14,657	14,857
Fines, Licenses and Permits	12,210	-	12,210
Earnings on Investments	975	98	1,073
Miscellaneous	146,565	6,988	153,553
<i>Total Cash Receipts</i>	<u>542,289</u>	<u>229,755</u>	<u>772,044</u>
Cash Disbursements			
Current:			
Security of Persons and Property	99,519	81,816	181,335
Public Health Services	8,141	9,784	17,925
Leisure Time Activities	46,505	21,175	67,680
Community Environment	6,141	1	6,142
Transportation	-	141,469	141,469
General Government	202,002	82,967	284,969
Debt Service:			
Principal Retirement	5,833	7,300	13,133
Interest and Fiscal Charges	567	1,158	1,725
<i>Total Cash Disbursements</i>	<u>368,708</u>	<u>345,670</u>	<u>714,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>173,581</u>	<u>(115,915)</u>	<u>57,666</u>
Other Financing Receipts (Disbursements)			
Sale of Bonds	-	25,840	25,840
Other Financing Sources	1,173	-	1,173
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,173</u>	<u>25,840</u>	<u>27,013</u>
<i>Net Change in Fund Cash Balances</i>	174,754	(90,075)	84,679
<i>Fund Cash Balances, January 1 (Restated - See note 15)</i>	<u>265,587</u>	<u>261,522</u>	<u>527,109</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 440,341</u></u>	<u><u>\$ 171,447</u></u>	<u><u>\$ 611,788</u></u>

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

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 672,714
Miscellaneous	19,140
<i>Total Operating Cash Receipts</i>	<u>691,854</u>
Operating Cash Disbursements	
Personal Services	138,473
Employee Fringe Benefits	59,753
Contractual Services	179,175
Supplies and Materials	84,757
Other	157,174
<i>Total Operating Cash Disbursements</i>	<u>619,332</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	8,580
Sale of Bonds	50,160
Loans Issued	356,924
Capital Outlay	(76,647)
Principal Retirement	(397,128)
Interest and Other Fiscal Charges	(20,656)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,767)</u>
<i>Net Change in Fund Cash Balances</i>	(6,245)
<i>Fund Cash Balances, January 1 (Restated - See note 15)</i>	<u>648,307</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 642,062</u></u>

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

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

Note 1 – Reporting Entity

The Village of DeGraff (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, cemetery operations, and police and fire services. The Village appropriates Special Revenue fund money to support a volunteer fire department.

Joint Ventures and Public Entity Risk Pools

The Village participates in two joint ventures and a public entity risk pool. Notes 6, 11, and 12 to the financial statements provide additional information for these entities. These organizations are:

Joint Ventures:

The Quincy-DeGraff Waste Water Treatment Facility
The Greenwood-Union Cemetery

Public Entity Risk Pool:

Public Entity Risk Pool of Ohio

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

State Highway Fund – The State Highway Fund accounts for maintenance and repair fund accounts for and reports a portion of the State gasoline tax for State routes located within the Village.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

Permissive Motor Vehicle Tax – The Permissive Motor Vehicle Tax Fund account for maintenance and repair fund accounts for and reports that Permissive Tax Fund for construction, maintenance and repair of streets located within the Village.

Fire Fund - The fire fund accounts property taxes restricted for the operations of the DeGraff Volunteer Fire Department.

Coronavirus Relief Fund The Coronavirus relief fund accounts for grant monies restricted for the use of pandemic related expenditures.

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 (except certain custodial funds be budgeted annually.

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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.

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 13.

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	\$ 409,745	\$ 543,462	\$ 133,717
Special Revenue	268,410	255,595	(12,815)
Enterprise	1,876,850	1,107,518	(769,332)
Total	<u>\$ 2,555,005</u>	<u>\$ 1,906,575</u>	<u>\$ (648,430)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 675,115	\$ 382,409	\$ 292,706
Special Revenue	366,658	347,439	19,219
Enterprise	2,436,868	1,130,858	1,306,010
Total	<u>\$ 3,478,641</u>	<u>\$ 1,860,706</u>	<u>\$ 1,617,935</u>

Note 4 – Deposits

A summary of the Village's deposit and investment accounts are as follows:

	2022
Demand deposits	<u>\$ 1,253,850</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$9,800 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; 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 DeGraff, Ohio
Logan 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.

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

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

Income Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (Village's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 43,310,794
Actuarial liabilities	\$ 15,724,479

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

Note 6 – Risk Management (Continued)

Workers' Compensation

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

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

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

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:		
Police Cruiser	\$ 14,100	2.15%
Dump Truck	72,700	2.13%
Ohio Public Works Commission Loan:		
CM271 - Water Tower	102,321	0.00%
Ohio Water Development Authority Loans:		
4939 - Water Tower Replacement	200,761	4.71%
7407 Sanitary Sewer Pump Station	334,603	0.00%
9501 - Water Tower Refinance	342,163	2.23%
8992 - Water Treatment Plant	41,766	2.12%
Buckeye State Bank:		
Annex Building	<u>2,666</u>	5.75%
Total	<u>\$ 1,111,080</u>	

In 2021, the Village was issued \$23,000 Police Cruiser Revenue Bonds purchased by USDA Rural Development to purchase a new police cruiser. The bonds bear interest at 2.13 percent and require annual payments of \$4,600 to \$4,800 through 2025. The revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund.

In 2021, the Village issued \$80,000 Vehicle and Equipment Acquisition Limited Tax General Obligation Bonds, Series 2021 purchased by USDA Rural Development to purchase a new dump truck. The bonds bear interest at 2.13 percent and require semi-annual payments through 2031. The full distribution of the funds did not occur until 2022.

The Village has one loan outstanding with the Ohio Public Works Commission (OPWC) for waterline and water tower replacements to be repaid in semi-annual installments of \$7,309 over 20 years.

In 2010, the Village issued \$433,000 Water System Mortgage Revenue Bonds purchased by USDA Rural Development to retire OWDA loan #4892 for the improvement of its water system including the construction of a new water tower. In 2021, the Village retired the Bonds by refinancing through OWDA with loan #9501. The refinanced loan bears interest at 2.23% and requires semi-annual interest payments and annual principal payments of \$11,651 beginning in 2023.

The Village has four loans outstanding with the Ohio Water Development Authority (OWDA). One of the loans are for the improvement of the Village's water system and one loan will be repaid over 30 years. One loan is for the Sanitary Sewer Pump Station and Force Main and will be repaid over 20 years. One loan is for the refinance of the Water System Mortgage Revenue Bonds as mentioned in the above paragraph. The fourth loan is for the Village's water treatment plant and will be repaid over 5 years.

In 2009, the Village purchased real estate located at 112 South Main Street (the Roxy building) to provide additional office space for the Village. The purchase was financed with a \$20,000 loan through the Citizens Bank of DeGraff at 5.75 percent. The loan will be repaid over the next 15 years with semi-annual interest payments and annual principal payments of \$1,333 beginning in 2010.

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

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC Loan	OWDA Loans	Annex Building Loan
2023	\$ 13,782	\$ 14,617	\$ 71,932	\$ 1,448
2024	13,830	14,617	71,990	1,372
2025	13,762	14,617	72,048	-
2026	8,921	14,617	72,111	-
2027	8,952	14,617	61,735	-
2028-2032	35,649	29,236	309,774	-
2033-2037	-	-	303,445	-
2038-2042	-	-	112,703	-
Total	<u>\$ 94,896</u>	<u>\$ 102,321</u>	<u>\$ 1,075,738</u>	<u>\$ 2,820</u>

Note 10 – Contingent Liabilities

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

Note 11 – Joint Ventures

A. Quincy-DeGraff Waste Water Treatment Plant

The Village of DeGraff and the Village Quincy jointly own and operate a waste water treatment facility. Both communities include in their budgets and annual appropriations for their respective portion of these costs. Both communities agree to adjust and collect sewer revenues sufficient to cover these costs. Financial responsibility will continue as long as the Village is a joint owner of this facility.

The approximate share of cost to be paid by each entity is determined by the actual flow from each community (which is measurable) into the plant. On July 1st of each year, the percentage of cost ratio is reviewed and adjusted based on actual flow for the previous year, and the newly established rates take effect on January 1st of the following year. In 2022, the Village share paid to the Village of Quincy was \$129,588 for operating costs and debt retirement. The Village of Quincy reimbursed the Village of DeGraff \$4,888 for payroll expenses, respectively.

The Village of DeGraff and the Village of Quincy have established a Joint Sewer Board Committee (JSB) in order to meet and discuss issues concerning the waste water treatment plant. The JSB meets monthly, and reports all issues and concerns with operations to their respective Mayors and Councils for review. Legislative issues require the majority vote of both Councils. Mayors of each community appoint the Joint Sewer Board Committee members annually and the Fiscal Officer of DeGraff is the Committee Clerk and the Fiscal Officer of Quincy is the Treasurer. The Mayors of each community acts as Chairman for the JSB on opposite years.

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

Note 11 – Joint Ventures (Continued)

B. Greenwood-Union Cemetery

The Village of DeGraff and the Pleasant Township Trustees jointly own and operate the cemetery. Each entity collects tax revenues for the operations of the Cemetery. The Village will continue financial responsibility as long as the Village is a joint owner of this facility.

The Greenwood-Union Cemetery Board members are appointed by their respective entities. It is a threemember Board. The majority vote revolves every two years. The Pleasant Township Trustees appointed two members to the board in 2020. The Village Mayor appointed one council member to the Cemetery Board in 2021. The Cemetery Board has voting authority for the cemetery.

Note 12 – Public Entity Risk Pool

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven-member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty-day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

Note 13 – 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 13,701	\$ 1,769	\$ 15,470
<i>Total</i>	<u>\$ 13,701</u>	<u>\$ 1,769</u>	<u>\$ 15,470</u>

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

Note 15 – Restatement of Beginning Fund Balances

The following adjustments are reflected in the January 1, 2022 General, Special Revenue, and Enterprise fund balances:

	General Fund	Special Revenue Fund	Enterprise Fund
December 31, 2021 ending balance	\$ 265,181	\$ 261,078	\$ 637,770
To account for voided checks in 2022 from 2021	406	444	10,537
January 1, 2022 restated balance	<u>\$ 265,587</u>	<u>\$ 261,522</u>	<u>\$ 648,307</u>

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

Village of DeGraff
Logan County
107 South Main Street
DeGraff, Ohio 43318

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the cash balances, receipts, and disbursements for each governmental and proprietary fund types as of and for the year ended December 31, 2022 and the related notes to the financial statements of the Village of DeGraff, Logan County, (the Village) and have issued our report thereon dated October 25, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 25, 2024

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- In 2023, the Mayor's Court revenues and disbursements were not properly recorded;
- In 2023, the principal payoff amount and the corresponding loan proceeds for a refinanced OWDA loan in the amount of \$40,172, as well as loan fees paid and the corresponding loan proceeds in the amount of \$13,323, were not posted to UAN in the Water Operating Fund;
- In 2022, the principal payoff amount of the Villages USDA loan in the amount of \$330,800 and the interest and other fiscal charges of \$11,363 were not posted to UAN. Likewise, the proceeds related to the refinance of the loan from OWDA in the amount of \$342,163 were not posted to UAN in the Water Operating Fund;
- In 2022, loan proceeds in the amount of \$25,840, \$25,080, and \$25,080 were posted as Intergovernmental Revenues instead of Proceeds of Notes in the Street Construction Maintenance and Repair, Water Operating, and Sewer Operating Funds, respectively;
- During 2022, an ARPA expenditure to reimburse the General fund for prior year expenditures was allocated entirely to General Government in the Coronavirus Relief Fund when part of the expenditure should have also been allocated to Security of Persons & Property, Leisure Time Activities, and Community Environment in the Coronavirus Relief Fund;
- In 2022 and 2023, the Auto License Tax was posted to the Street, Construction, Maintenance, and Repair and the Permissive Motor Vehicle License Tax Funds instead of the State Highway Fund;
- In 2022, debt proceeds were recorded as Miscellaneous Revenue in the Water Operating Fund instead of Proceeds of Notes;
- In 2022 and 2023, Capitalized Interest was not recorded in UAN in the Water Operating Fund;
- In 2023, an interest payment was posted to the Water Operating Fund instead of the General Fund;
- During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures;
- During 2023, we noted one expenditure from the Enterprise Reserve Fund and a corresponding receipt to the Water Operating Fund that should have been recorded as a Transfer Out of the Enterprise Reserve Fund and Transfer In of the Water Operating Fund instead; and
- In 2022, Property Tax Revenues were posted at net instead of gross receipt amount in the General, Cemetery, and Other Special Revenue Funds.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments, and the Village has posted all adjustments to its accounting system.

The following errors noted in the Village's financial statements were determined to be immaterial and did not require adjustments to properly present the Village's financial activity:

VILLAGE OF DEGRAFF
LOGAN COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

- In 2022 and 2023, Intergovernmental Revenues in the General, Cemetery, and Other Special Revenue Funds Fund were classified as Property Tax Revenues;
- In 2023, Permissive Tax in the Permissive Motor Vehicle License Tax Fund was classified as Intergovernmental instead of Property Tax;
- In 2023, Property Tax Revenues were posted at net instead of gross receipt amount in the General, Cemetery, and Other Special Revenue Funds;
- In 2023, two grants in the Other Special Revenue Fund were classified as Intergovernmental Revenue instead of Miscellaneous Revenue; and
- In 2022, a grant from the Community Foundation was classified as Intergovernmental Revenue in the Volunteer Fire Department Fund instead of Miscellaneous in the Volunteer Fire Department Fund.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

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

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Management Letter Comment
2021-003	Ohio Revised Code Section 5705.41(B)	Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF DEGRAFF

LOGAN 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 12/5/2024

65 East State 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