



***VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY***

---

**Regular Audit**

**For the Years Ended  
December 31, 2019 and 2018**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





OHIO AUDITOR OF STATE  
KEITH FABER

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

Village Council  
Village of Mowrystown  
50 Maple Street  
Mowrystown, Ohio 45155

We have reviewed the *Independent Auditor's Report* of the Village of Mowrystown, Highland County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Mowrystown is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 10, 2020

**This Page Left Intentionally Blank**

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**

Table of Contents

For the Years Ended December 31, 2019 and 2018

---

|  |    |
|--|----|
| Independent Auditor’s Report.....  | 1  |
| <b>GENERAL PURPOSE FINANCIAL STATEMENTS:</b>   |    |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in<br>Fund Cash Balances - All Governmental Fund Types<br>For the Year Ended December 31, 2019.....              | 3  |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in<br>Fund Cash Balances - All Proprietary and Fiduciary Fund Types<br>For the Year Ended December 31, 2019..... | 4  |
| Notes to the Financial Statements .....  | 5  |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in<br>Fund Cash Balances - All Governmental Fund Types<br>For the Year Ended December 31, 2018.....              | 11 |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in<br>Fund Cash Balances - All Proprietary and Fiduciary Fund Types<br>For the Year Ended December 31, 2018..... | 12 |
| Notes to the Financial Statements .....  | 13 |
| Independent Auditor’s Report on Internal Control over<br>Financial Reporting and on Compliance and Other Matters<br>Required By <i>Government Auditing Standards</i> .....           | 19 |
| Schedule of Findings.....  | 21 |
| Schedule of Prior Audit Findings.....  | 22 |

**This page intentionally left blank.**

## Independent Auditor's Report

Village Council  
Village of Mowrystown, Highland County  
50 Maple Street  
Mowrystown, OH 45155

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 Mowrystown, Highland County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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 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 opinion.

***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 American (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, 2019 and 2018, 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 the related notes of the Village of Mowrystown, Highland County as of December 31, 2019 and 2018, 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) permits, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2020 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.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

August 19, 2020



**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2019**

|   | <u>Governmental Fund Types</u> |                            |                         |
|---|--------------------------------|----------------------------|-------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Totals</u>           |
| <b><u>Cash Receipts:</u></b>                  |                                |                            |                         |
| Property and Local Taxes                      | \$18,869                       | \$21,521                   | \$40,390                |
| Intergovernmental                             | 31,111                         | 22,605                     | 53,716                  |
| Charges for Service                           | 3,672                          | 794                        | 4,466                   |
| Fines, Licenses, and Permits                  | 42                             | 0                          | 42                      |
| Miscellaneous                                 | 2,451                          | 3                          | 2,454                   |
| Total Cash Receipts                           | <u>56,145</u>                  | <u>44,923</u>              | <u>101,068</u>          |
| <b><u>Cash Disbursements:</u></b>             |                                |                            |                         |
| <i>Current:</i>                               |                                |                            |                         |
| General Government                            | 22,548                         | 1,053                      | 23,601                  |
| Security of Persons and Property              | 0                              | 3,403                      | 3,403                   |
| Leisure Time Activities                       | 4,874                          | 0                          | 4,874                   |
| Basic Utility Services                        | 20,841                         | 0                          | 20,841                  |
| Transportation                                | 0                              | 9,796                      | 9,796                   |
| Total Cash Disbursements                      | <u>48,263</u>                  | <u>14,252</u>              | <u>62,515</u>           |
| Cash Receipts Over/(Under) Cash Disbursements | 7,882                          | 30,671                     | 38,553                  |
| Fund Cash Balances, January 1                 | <u>4,937</u>                   | <u>148,701</u>             | <u>153,638</u>          |
| Restricted                                    | 0                              | 179,372                    | 179,372                 |
| Unassigned                                    | 12,819                         | 0                          | 12,819                  |
| <b>Fund Cash Balances, December 31</b>        | <u><u>\$12,819</u></u>         | <u><u>\$179,372</u></u>    | <u><u>\$192,191</u></u> |

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2019**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> |                 |
|---|----------------------------------|--------------------------------|-----------------|
|   | <u>Enterprise</u>                | <u>Agency</u>                  | <u>Totals</u>   |
| <b><u>Operating Cash Receipts:</u></b>          |                                  |                                |                 |
| Charges for Services                            | \$166,213                        | \$0                            | \$166,213       |
| Total Operating Cash Receipts                   | 166,213                          | 0                              | 166,213         |
| <b><u>Operating Cash Disbursements:</u></b>     |                                  |                                |                 |
| Personal Services                               | 7,960                            | 0                              | 7,960           |
| Employee Fringe Benefits                        | 1,354                            | 0                              | 1,354           |
| Contractual Services                            | 26,928                           | 0                              | 26,928          |
| Supplies and Materials                          | 2,450                            | 0                              | 2,450           |
| Other   | 55,275                           | 60                             | 55,335          |
| Total Operating Cash Disbursements              | 93,967                           | 60                             | 94,027          |
| Operating Income (Loss)                         | 72,246                           | (60)                           | 72,186          |
| <b><u>Non-Operating Cash Disbursements:</u></b> |                                  |                                |                 |
| Miscellaneous Receipts                          | 10,310                           | 0                              | 10,310          |
| Principal Retirement                            | (32,721)                         | 0                              | (32,721)        |
| Interest and Other Fiscal Charges               | (29,405)                         | 0                              | (29,405)        |
| Total Non-Operating Cash Disbursements          | (51,816)                         | 0                              | (51,816)        |
| Net Receipts Over/Under Disbursements           | 20,430                           | (60)                           | 20,370          |
| Fund Cash Balances, January 1                   | 31,020                           | 2,675                          | 33,695          |
| <b>Fund Cash Balances, December 31</b>          | <b>\$51,450</b>                  | <b>\$2,615</b>                 | <b>\$54,065</b> |

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

---

**Note 1 – Reporting Entity**

The Village of Mowrystown, Highland County, Ohio (the Village), 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. The Village is directed by a publicly elected six-member Council and a publicly elected Mayor.

The Village provides general government services, police services and park maintenance.

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

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

**Basis of Accounting**

The Village's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**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 is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

*Street Construction Maintenance and Repair Fund* – This fund receives gasoline tax, motor vehicle license tax for constructing, maintaining and repairing Village Streets.

*Police Levy Fund* – This fund receives tax money to provide police protection services to the Village.

**Enterprise Funds:** These funds are used to account for any activities for which a fee is charged to external users for goods or services. The Village has the following significant Enterprise Funds:

*Sewer Fund* -This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Debt Fund* -This fund receives is used to account for the debt obtained to finance the Sewer System.

**Agency Funds:** These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual, or fund. The Village has the following significant agency fund:

*Mayor's Court Fund* – This agency fund is used to account for the activities of the Mayor's Court.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Budgetary Process**

The Ohio Revised Code requires that each Village fund, except Agency Funds, be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

**Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**Fund Balances**

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.

**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 MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

---

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the years ending December 31, 2019 was as follows:

| 2019 Budgeted vs. Actual Receipts |           |           |          |
|-----------------------------------|-----------|-----------|----------|
| Receipts                          |           |           |          |
| Fund Type                         | Budgeted  | Actual    | Variance |
| General                           | \$53,493  | \$56,145  | \$2,652  |
| Special Revenue                   | 51,735    | 44,923    | (6,812)  |
| Enterprise                        | 157,200   | 176,523   | 19,323   |
| <i>Total</i>                      | \$262,428 | \$277,591 | \$15,163 |

| 2019 Budgeted vs. Actual Budgetary Disbursements |                            |               |          |
|--|----------------------------|---------------|----------|
| Budgetary  |                            |               |          |
| Fund Type  | Appropriation<br>Authority | Disbursements | Variance |
| General  | \$61,810                   | \$50,692      | \$11,118 |
| Special Revenue                                  | 76,562                     | 14,339        | 62,223   |
| Enterprise                                       | 186,822                    | 175,891       | 10,931   |
| <i>Total</i>                                     | \$325,194                  | \$240,922     | \$84,272 |

**Note 4 – Cash and Investments**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

| December 31,<br>2019 |           |
|----------------------|-----------|
| Demand Deposits      | \$246,256 |
| Total                | \$246,256 |

*Deposits:* Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution’s public entity deposit pool.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

---

**Note 5- 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 area 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. 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.

**Note 6 – Risk Management**

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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability;
- Vehicles; and
- Errors and Omissions.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

| Retirement Rates | Year      | Member<br>Rate | Employer<br>Rate |
|------------------|-----------|----------------|------------------|
| OPERS - Local    | 2012-2019 | 10%            | 14%              |

***Social Security***

The Village’s elected council members contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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, 2019.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients. OPERS contributes 1 percent of the employer contributions to fund these benefits.

**Note 9- Long-Term Obligations**

A schedule of changes in long-term obligations of the Village during 2019 follows:

|  | Interest<br>Rate | Principal<br>Balance<br>12-31-18 | Issued<br>in 2019 | Retired<br>in 2019 | Principal<br>Balance<br>12-31-19 |
|--|------------------|----------------------------------|-------------------|--------------------|----------------------------------|
| Building Bond                                | 4.13%            | \$660,093                        | \$0               | \$11,526           | \$648,567                        |
| Ohio Water Development Authority Loan - 3429 | 1.00%            | 219,989                          | 0                 | 9,988              | 210,001                          |
| Ohio Water Development Authority Loan - 5247 | 0.00%            | 123,279                          | 0                 | 11,207             | 112,072                          |
|  |                  | <u>\$1,003,361</u>               | <u>\$0</u>        | <u>\$32,721</u>    | <u>\$970,640</u>                 |

The wastewater system mortgage revenue bonds were issued June 13, 2008 in the total amount of \$753,000 to pay an Ohio Water Development Authority Loan used to finance the installation of a wastewater collection system in the Village. The revenue of the Village's sewer utility has been pledged to repay the debt. As required by the bond covenant, the Village has established and funded the Sewer Reserve Fund. As of December 31, 2019 the Sewer Reserve Fund balance was \$539.

The Ohio Water Development Authority (OWDA) loan was obtained for construction of the new wastewater collection system. This loan is to be paid in semiannual installments over 30 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan is also for construction of the new wastewater collection system. The Village will repay the loans in semiannual installments over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Amortization of the above obligations, including interest, is scheduled as follow:

|           | Mortgage<br>Revenue<br>Bonds | OWDA Loan        | OPWC Loan        |
|-----------|------------------------------|------------------|------------------|
| 2020      | \$38,829                     | \$12,163         | \$11,207         |
| 2021      | 38,754                       | 12,163           | 11,207           |
| 2022      | 38,755                       | 12,163           | 11,207           |
| 2023      | 38,754                       | 12,163           | 11,207           |
| 2024      | 38,823                       | 12,163           | 11,207           |
| 2025-2029 | 193,863                      | 60,817           | 56,037           |
| 2030-2034 | 193,826                      | 60,818           | 0                |
| 2035-2039 | 193,818                      | 48,653           | 0                |
| 2040-2044 | 193,906                      | 0                | 0                |
| 2045-2048 | 155,023                      | 0                | 0                |
| Total     | <u>\$1,124,351</u>           | <u>\$231,103</u> | <u>\$112,072</u> |

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019**

---

**Note 10 – Public entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 11 – Fund Cash Balances**

As of December 31, 2019, fund balances are composed of the following:

|                                | General         | Special<br>Revenue | Total            |
|--------------------------------|-----------------|--------------------|------------------|
| <i>Restricted:</i>             |                 |                    |                  |
| Police Operations              | \$0             | \$19,115           | \$19,115         |
| Road Maintenance & Improvement | 0               | 159,736            | 159,736          |
| <i>Committed:</i>              |                 |                    |                  |
| Court                          | 0               | 521                | 0                |
| <i>Unassigned</i>              | 12,819          | 0                  | 12,819           |
| <b>Total</b>                   | <b>\$12,819</b> | <b>\$179,372</b>   | <b>\$192,191</b> |

**Note 12 – 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 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2018**

|  | <u>Governmental Fund Types</u> |                            |                         |
|--|--------------------------------|----------------------------|-------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Totals</u>           |
| <b><u>Cash Receipts:</u></b>   |                                |                            |                         |
| Property and Local Taxes   | \$17,923                       | \$21,565                   | \$39,488                |
| Intergovernmental  | 31,824                         | 19,353                     | 51,177                  |
| Charges for Service  | 5,263                          | 1,935                      | 7,198                   |
| Fines, Licenses, and Permits   | 1,285                          | 40                         | 1,325                   |
| Miscellaneous  | 625                            | 2,125                      | 2,750                   |
| Total Cash Receipts  | <u>56,920</u>                  | <u>45,018</u>              | <u>101,938</u>          |
| <b><u>Cash Disbursements:</u></b>  |                                |                            |                         |
| <i>Current:</i>  |                                |                            |                         |
| General Government   | 33,187                         | 5,609                      | 38,796                  |
| Security of Persons and Property   | 0                              | 32,440                     | 32,440                  |
| Leisure Time Activities  | 6,134                          | 0                          | 6,134                   |
| Basic Utility Services   | 19,357                         | 0                          | 19,357                  |
| Transportation   | 0                              | 6,761                      | 6,761                   |
| Total Cash Disbursements   | <u>58,678</u>                  | <u>44,810</u>              | <u>103,488</u>          |
| Cash Receipts Over/(Under) Cash Disbursements  | (1,758)                        | 208                        | (1,550)                 |
| <b><u>Other Financing Sources (Uses)</u></b>   |                                |                            |                         |
| Sale of Capital Assets   | 0                              | 2,000                      | 2,000                   |
| Total Other Financing Sources (Uses)   | <u>0</u>                       | <u>2,000</u>               | <u>2,000</u>            |
| Cash Receipt and Other Financing Sources<br>Over/(Under) Cash Disbursements and Other Financing Uses | (1,758)                        | 2,208                      | 450                     |
| Fund Cash Balances, January 1  | <u>6,695</u>                   | <u>146,493</u>             | <u>153,188</u>          |
| Restricted   | 0                              | 148,701                    | 148,701                 |
| Unassigned   | 4,937                          | 0                          | 4,937                   |
| <b>Fund Cash Balances, December 31</b>   | <u><u>\$4,937</u></u>          | <u><u>\$148,701</u></u>    | <u><u>\$153,638</u></u> |

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2018**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> |                               |
|---|----------------------------------|--------------------------------|-------------------------------|
|   | <u>Enterprise</u>                | <u>Agency</u>                  | <u>Totals</u>                 |
| <b><u>Operating Cash Receipts:</u></b>          |                                  |                                |                               |
| Charges for Services                            | \$200,766                        | \$0                            | \$200,766                     |
| Fines, Licenses and Permits                     | 0                                | 1,349                          | 1,349                         |
| Total Operating Cash Receipts                   | <u>200,766</u>                   | <u>1,349</u>                   | <u>202,115</u>                |
| <b><u>Operating Cash Disbursements:</u></b>     |                                  |                                |                               |
| Personal Services                               | 8,059                            | 0                              | 8,059                         |
| Employee Fringe Benefits                        | 1,360                            | 0                              | 1,360                         |
| Contractual Services                            | 14,103                           | 0                              | 14,103                        |
| Supplies and Materials                          | 16,487                           | 0                              | 16,487                        |
| Other   | 73,700                           | 1,415                          | 75,115                        |
| Total Operating Cash Disbursements              | <u>113,709</u>                   | <u>1,415</u>                   | <u>115,124</u>                |
| Operating Income (Loss)                         | 87,057                           | (66)                           | 86,991                        |
| <b><u>Non-Operating Cash Disbursements:</u></b> |                                  |                                |                               |
| Principal Retirement                            | (37,770)                         | 0                              | (37,770)                      |
| Interest and Other Fiscal Charges               | (29,959)                         | 0                              | (29,959)                      |
| Total Non-Operating Cash Disbursements          | <u>(67,729)</u>                  | <u>0</u>                       | <u>(67,729)</u>               |
| Net Receipts Over/Under Disbursements           | 19,328                           | (66)                           | 19,262                        |
| Fund Cash Balances, January 1                   | <u>11,692</u>                    | <u>2,741</u>                   | <u>14,433</u>                 |
| <b>Fund Cash Balances, December 31</b>          | <b><u><u>\$31,020</u></u></b>    | <b><u><u>\$2,675</u></u></b>   | <b><u><u>\$33,695</u></u></b> |

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

The Village of Mowrystown, Highland County, Ohio (the Village), 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. The Village is directed by a publicly elected six-member Council and a publicly elected Mayor.

The Village provides general government services, police services and park maintenance.

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

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

**Basis of Accounting**

The Village's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**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 is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

*Street Construction Maintenance and Repair Fund* – This fund receives gasoline tax, motor vehicle license tax for constructing, maintaining and repairing Village Streets.

*Police Levy Fund* – This fund receives tax money to provide police protection services to the Village.

**Enterprise Funds:** These funds are used to account for any activities for which a fee is charged to external users for goods or services. The Village has the following significant Enterprise Funds:

*Sewer Fund* -This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Debt Fund* -This fund receives is used to account for the debt obtained to finance the Sewer System.

**Agency Funds:** These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual, or fund. The Village has the following significant agency fund:

*Mayor's Court Fund* – This agency fund is used to account for the activities of the Mayor's Court.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018**

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Budgetary Process**

The Ohio Revised Code requires that each Village fund, except Agency Funds, be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**Fund Balances**

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.

**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 MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018**

---

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the years ending December 31, 2018 was as follows:

| 2018 Budgeted vs. Actual Receipts |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| Fund Type                         | Receipts  |           | Variance  |
|                                   | Budgeted  | Actual    |           |
| General                           | \$48,290  | \$56,920  | \$8,630   |
| Special Revenue                   | 46,353    | 47,018    | 665       |
| Enterprise                        | 215,119   | 200,766   | (14,353)  |
| <i>Total</i>                      | \$309,762 | \$304,704 | (\$5,058) |

| 2018 Budgeted vs. Actual Budgetary Disbursements |               |               |           |
|--|---------------|---------------|-----------|
| Fund Type  | Appropriation | Budgetary     | Variance  |
|  | Authority     | Disbursements |           |
| General  | \$67,480      | \$59,545      | \$7,935   |
| Special Revenue                                  | 173,052       | 46,509        | 126,543   |
| Enterprise                                       | 234,240       | 189,092       | 45,148    |
| <i>Total</i>                                     | \$474,772     | \$295,146     | \$179,626 |

**Note 4 – Cash and Investments**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

|                 | December 31,<br>2018 |
|-----------------|----------------------|
| Demand Deposits | \$187,333            |
| Total           | \$187,333            |

*Deposits:* Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution’s public entity deposit pool.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018**

---

**Note 5- 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 area 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. 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.

**Note 6 – Risk Management**

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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability;
- Vehicles; and
- Errors and Omissions.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

| Retirement Rates | Year      | Member<br>Rate | Employer<br>Rate |
|------------------|-----------|----------------|------------------|
| OPERS - Local    | 2012-2018 | 10%            | 14%              |

***Social Security***

The Village’s elected council members contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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, 2018.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**

*Notes to the Financial Statements*

*For the Years Ended December 31, 2018*

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients. OPERS contributes 1 percent of the employer contributions to fund these benefits.

**Note 9- Long-Term Obligations**

A schedule of changes in long-term obligations of the Village during 2018 follows:

|  | Interest<br>Rate | Principal<br>Balance<br>12-31-17 | Issued<br>in 2018 | Retired<br>in 2018 | Principal<br>Balance<br>12-31-18 |
|--|------------------|----------------------------------|-------------------|--------------------|----------------------------------|
| Building Bond                                | 4.13%            | \$671,163                        | \$0               | \$11,070           | \$660,093                        |
| Ohio Water Development Authority Loan - 3429 | 1.00%            | 229,878                          | 0                 | 9,889              | 219,989                          |
| Ohio Water Development Authority Loan - 5247 | 0.00%            | 140,090                          | 0                 | 16,811             | 123,279                          |
| Total  |                  | <u>\$1,041,131</u>               | <u>\$0</u>        | <u>\$37,770</u>    | <u>\$1,003,361</u>               |

The wastewater system mortgage revenue bonds were issued June 13, 2008 in the total amount of \$753,000 to pay an Ohio Water Development Authority Loan used to finance the installation of a wastewater collection system in the Village. The revenue of the Village's sewer utility has been pledged to repay the debt. As required by the bond covenant, the Village has established and funded the Sewer Reserve Fund. As of December 31, 2018 the Sewer Reserve Fund balance was \$539.

The Ohio Water Development Authority (OWDA) loan was obtained for construction of the new wastewater collection system. This loan is to be paid in semiannual installments over 30 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan is also for construction of the new wastewater collection system. The Village will repay the loans in semiannual installments over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Amortization of the above obligations, including interest, is scheduled as follow:

|           | Mortgage<br>Revenue<br>Bonds | OWDA Loan        | OPWC Loan        |
|-----------|------------------------------|------------------|------------------|
| 2019      | \$38,755                     | \$12,163         | \$11,207         |
| 2020      | 38,829                       | 12,163           | 11,207           |
| 2021      | 38,754                       | 12,163           | 11,207           |
| 2022      | 38,755                       | 12,163           | 11,207           |
| 2023      | 38,754                       | 12,163           | 11,207           |
| 2024-2028 | 193,931                      | 60,817           | 56,035           |
| 2029-2033 | 193,826                      | 60,817           | 11,209           |
| 2034-2038 | 193,818                      | 60,817           | 0                |
| 2039-2043 | 193,887                      | 0                | 0                |
| 2044-2048 | 193,797                      | 0                | 0                |
| Total     | <u>\$1,163,106</u>           | <u>\$243,266</u> | <u>\$123,279</u> |

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018**

---

**Note 10 – Public entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 11 – Fund Cash Balances**

As of December 31, 2018, fund balances are composed of the following:

|                                | General | Special<br>Revenue | Total     |
|--------------------------------|---------|--------------------|-----------|
| <i>Restricted:</i>             |         |                    |           |
| Police Operations              | \$0     | \$2,296            | \$2,296   |
| Road Maintenance & Improvement | 0       | 145,884            | 145,884   |
| <i>Committed:</i>              |         |                    |           |
| Court                          | 0       | 521                | 521       |
| <i>Unassigned</i>              | 4,937   | 0                  | 4,937     |
| Total                          | \$4,937 | \$148,701          | \$153,638 |

**Note 12 – 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 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards***

Village of Mowrystown  
Highland County  
50 Maple Street  
Mowrystown, OH 45155

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 the fund type of the Village of Mowrystown, Highland County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 19, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods of the Village.

**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 opinions on the financial statements, but not to the extent necessary to opine 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, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Village Council  
Village of Mowrystown, Highland County  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standard* which is described in the accompanying Schedule of Findings as items 2019-001.

### **Entity's Response to Finding**

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

### **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 communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

August 19, 2020

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2019 and 2018**

**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

*Finding Number 2019-001*

**Financial Record Keeping – Noncompliance/Material Weakness**

Ohio Rev. Code Section 733.28 provides, in part, that the Village Clerk shall keep the books of the Village and exhibit accurate statements of all monies received and expended.

The Village did not properly post the following transactions to the proper account codes, and therefore reported materially incorrect account classifications in the Village’s annual financial report:

In 2019:

- Mayor’s Court Fund other non-operating disbursements of \$60 was unrecorded.

The audited financial statements have been adjusted for the issues noted above.

Additionally, the Village classified the Sewer Debt Fund as a Debt Service Fund type and the Sewer Construction Fund as a Capital Project Fund on the 2019 and 2018 annual financial reports. These funds are reclassified as Enterprise Fund Types on the accompanying financial statements.

Failure to properly post transactions resulted in transactions being inaccurately classified in the annual report and inaccurate fund balances. The Fiscal Officer agreed to reclassifications to correctly report the above items, and the reclassifications were posted to the accompanying financial statements. The Fiscal Officer should review the chart of accounts in the Ohio Village Handbook to assure that items are being posted to the proper funds and account codes.

**Officials’ Response**

The Village is working to correct this issue. In 2020, the Fiscal Officer recorded all sewer debt service payments in an Enterprise Fund and is no longer using a governmental debt service fund to make sewer debt payments.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2019 and 2018**

---

| <b>Finding Number</b> | <b>Description</b>  | <b>Status</b> | <b>Comments</b>                              |
|-----------------------|---|---------------|--|
|                       | <i>Government Auditing Standards:</i>   |               |  |
| 2017-001              | Section 733.28, transactions not posted to the proper accounts and not reported in the proper classifications | Not Corrected | Not Corrected – Reissued as Finding 2019-001 |
| 2017-002              | Section 5705.34, resolution not made to authorize tax levies  | Corrected     |  |
| 2017-003              | Monitor the cell phone bills to ensure that only current Village employee’s phones are being paid.            | Corrected     |  |

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOWRYSTOWN**

**HIGHLAND 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 11/24/2020**

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

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