



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MOWRYSTOWN
HIGHLAND COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

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 Mowrystown, Highland 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, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, or the changes in financial position 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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 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 January 6, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
January 6, 2023

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Village of Mowrystown
Highland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$20,747	\$22,346	\$43,093
Intergovernmental	27,658	48,526	76,184
Earnings on Investments	51	65	116
Miscellaneous	1,118	0	1,118
<i>Total Cash Receipts</i>	<u>49,574</u>	<u>70,937</u>	<u>120,511</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	865	865
Leisure Time Activities	6,352	0	6,352
Basic Utility Services	16,632	0	16,632
Transportation	0	22,022	22,022
General Government	18,964	980	19,944
<i>Total Cash Disbursements</i>	<u>41,948</u>	<u>23,867</u>	<u>65,815</u>
<i>Net Change in Fund Cash Balances</i>	7,626	47,070	54,696
<i>Fund Cash Balances, January 1</i>	<u>5,281</u>	<u>219,136</u>	<u>224,417</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$12,907</u></u>	<u><u>\$266,206</u></u>	<u><u>\$279,113</u></u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$204,890
<i>Total Operating Cash Receipts</i>	<i>204,890</i>
Operating Cash Disbursements	
Personal Services	11,365
Employee Fringe Benefits	1,642
Contractual Services	20,573
Supplies and Materials	1,798
Other	73,699
<i>Total Operating Cash Disbursements</i>	<i>109,077</i>
<i>Operating Income (Loss)</i>	<i>95,813</i>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(39,026)
Interest and Other Fiscal Charges	(29,181)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(68,207)</i>
<i>Net Change in Fund Cash Balances</i>	<i>27,606</i>
<i>Fund Cash Balances, January 1</i>	<i>79,646</i>
<i>Fund Cash Balances, December 31</i>	<i>\$107,252</i>

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The Village of Mowrystown (the Village), Highland 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 sewer utilities and park operations. Police services are currently suspended due to financial constraints

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 which are all organized on a fund type basis.

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:** This fund receives gasoline tax, motor vehicle license tax for constructing, maintaining & repairing Village streets.
 - **Police Levy Fund:** This fund receives tax money to provide police protection services to the Village.
 - **Coronavirus Relief Fund:** This fund receives the American Rescue Plan Act Funding and is restricted to the guidelines set in accordance with the American Rescue Plan Act.
- **Enterprise Funds:** These funds are used to account for any activities for which a fee is charges 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.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations 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 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 2021 budgetary activity appears in Note 3.

Capital Assets: 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.
- **Restricted:** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
- **Committed:** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
- **Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
- **Unassigned:** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

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

Note 3 - Budgetary Activity

The Village's budgetary activity for the year ending December 31, 2021 was as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,139	\$49,574	(\$4,565)
Special Revenue	39,200	70,937	31,737
Enterprise	171,000	204,890	33,890
Total	\$264,339	\$325,401	\$61,062

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,021	\$42,433	\$13,588
Special Revenue	49,610	24,160	25,450
Enterprise	212,219	196,342	15,877
Total	\$317,850	\$262,935	\$54,915

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:

	2021
Demand deposits	\$386,365

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 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half is due the following June 20.

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

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:

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.

Public Entities Pool of Ohio:

The (local entity) 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 (local entity'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>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

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 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, 2021.

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

Social Security

Other Village’s 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, 2021.

Note 8- Postemployment Benefits:

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

Note 9 – Long-Term Obligations:

A schedule of changes in long-term obligations of the Village during 2021 follows:

	Interest Rate	1/1/2021 Balance	Issued	Retired	12/31/2021 Balance
USDA Wastewater System Revenue Bonds	4.13%	\$ 636,565	\$ 0	\$ 12,496	\$ 624,069
Ohio Water Development Authority Loan	1.00%	199,912	0	15,323	184,589
Ohio Public Works Commission	0.00%	106,468	0	11,207	95,261
Total		<u>\$ 942,945</u>	<u>\$ 0</u>	<u>\$ 39,026</u>	<u>\$ 903,919</u>

The wastewater system mortgage revenue bonds were issued June 13, 2008 in the total amount of \$753,000 to pay a USDA Rural 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 a Sewer Reserve Fund. As of December 31, 2021 the Sewer Reserve Fund balance was \$539.

The Ohio Water Development Authority (OWDA) loan was obtained the in amount of \$314,579 for construction of the new wastewater collection system in 2009. 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 was obtained in the amount of \$224,145 for the construction of the new wastewater collection system in 2009. 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.

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

Amortization

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

Year Ending December 31:	USDA Revenue		
	Bonds	OWDA Loan	OPWC Loan
2022	\$ 38,755	\$ 12,163	\$ 11,207
2023	38,754	12,163	11,207
2024	38,823	12,163	11,207
2025	38,754	12,163	11,207
2026	38,755	12,163	11,207
2027-2031	193,833	60,817	39,226
2032-2036	193,871	60,817	0
2037-2041	193,806	24,329	0
2042-2046	193,793	0	0
2047-2048	77,513	0	0
Total	<u>\$ 1,046,657</u>	<u>\$ 206,778</u>	<u>\$ 95,261</u>

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 Balances:

Included in fund balance are amounts the Village encumbrances, which 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	485	293	778
<i>Total</i>	<u>\$485</u>	<u>\$293</u>	<u>\$778</u>

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

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

Note 12 – Contingent Liabilities:

Amount 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 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 2021, 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 emergency funding, either federal or state, cannot be estimated.

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Village of Mowrystown
Highland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,961	\$21,317	\$41,278
Intergovernmental	25,933	30,914	56,847
Charges for Services	4,888	0	4,888
Fines, Licenses and Permits	50	0	50
Earnings on Investments	2	3	5
Miscellaneous	2,515	2,604	5,119
<i>Total Cash Receipts</i>	<u>53,349</u>	<u>54,838</u>	<u>108,187</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	1,251	1,251
Leisure Time Activities	8,052	0	8,052
Community Environment	275	0	275
Basic Utility Services	19,686	0	19,686
Transportation	0	12,738	12,738
General Government	32,874	0	32,874
Capital Outlay	0	1,635	1,635
<i>Total Cash Disbursements</i>	<u>60,887</u>	<u>15,624</u>	<u>76,511</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,538)</u>	<u>39,214</u>	<u>31,676</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	0	550	550
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>550</u>	<u>550</u>
<i>Net Change in Fund Cash Balances</i>	(7,538)	39,764	32,226
<i>Fund Cash Balances, January 1</i>	<u>12,819</u>	<u>179,372</u>	<u>192,191</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$5,281</u></u>	<u><u>\$219,136</u></u>	<u><u>\$224,417</u></u>

See accompanying notes to the basic financial statements

Village of Mowrystown
Highland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$195,892
<i>Total Operating Cash Receipts</i>	195,892
Operating Cash Disbursements	
Personal Services	9,205
Employee Fringe Benefits	1,410
Contractual Services	20,982
Supplies and Materials	5,877
Other	73,700
<i>Total Operating Cash Disbursements</i>	111,174
<i>Operating Income (Loss)</i>	84,718
Non-Operating Receipts (Disbursements)	
Principal Retirement	(27,695)
Interest and Other Fiscal Charges	(28,827)
<i>Total Non-Operating Receipts (Disbursements)</i>	(56,522)
<i>Net Change in Fund Cash Balances</i>	28,196
<i>Fund Cash Balances, January 1</i>	51,450
<i>Fund Cash Balances, December 31</i>	\$79,646

See accompanying notes to the basic financial statements

Village of Mowrystown
Highland County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Other Custodial
Additions	
<i>Total Additions</i>	\$0
Deductions	
Distributions to Other Funds (Primary Gov't)	2,605
Other Distributions	10
<i>Total Deductions</i>	2,615
<i>Net Change in Fund Balances</i>	(2,615)
<i>Fund Cash Balances, January 1</i>	2,615
<i>Fund Cash Balances, December 31</i>	\$0

See accompanying notes to the basic financial statements

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Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Mowrystown (the Village), Highland 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 sewer utilities and park operations. Police services are currently suspended due to financial constraints.

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 which are all organized on a fund type basis.

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:** This fund receives gasoline tax, motor vehicle license tax for constructing, maintaining & 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 charges 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.
- **Fiduciary Funds:** Fiduciary funds include custodial funds. 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 has the following significant Custodial Funds:
 - **Mayor's Court Fund:** This custodial fund was used to account for the activities of the Mayor's Court. Due to the suspension of the Police Department in 2019, Council moved to close this fund in January, 2020 and to transfer the remaining funds to the Police Department Fund.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations 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 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 in the subsequent year. A summary of 2020 budgetary activity appears in Note 3.

Capital Assets: 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.
- **Restricted:** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
- **Committed:** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
- **Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
- **Unassigned:** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

The Village's budgetary activity for the year ending December 31, 2020 was as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,131	\$53,349	(\$1,782)
Special Revenue	39,800	55,388	15,588
Enterprise	171,000	195,892	24,892
Fiduciary	0	0	0
Total	\$265,931	\$304,629	\$38,698

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,411	\$61,867	\$4,544
Special Revenue	45,200	15,624	29,576
Enterprise	203,962	192,253	11,709
Fiduciary	2,675	2,615	60
Total	\$318,248	\$272,359	\$45,889

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:

	2020
Demand deposits	\$304,603

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 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half is due the following June 20.

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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:

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.

Public Entities Pool of Ohio:

The (local entity) 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 (local entity'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>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

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 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, 2020.

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

Other Village’s 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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Long-Term Obligations:

A schedule of changes in long-term obligations of the Village during 2020 follows:

	Interest Rate	1/1/2020 Balance	Issued	Retired	12/31/2020 Balance
USDA Wastewater System Revenue Bonds	4.13%	\$ 648,567	\$ 0	\$ 12,002	\$ 636,565
Ohio Water Development Authority Loan	1.00%	210,001	0	10,089	199,912
Ohio Public Works Commission	0.00%	112,072	0	5,604	106,468
Total		<u>\$ 970,640</u>	<u>\$ 0</u>	<u>\$ 27,695</u>	<u>\$ 942,945</u>

The wastewater system mortgage revenue bonds were issued June 13, 2008 in the total amount of \$753,000 to pay a USDA Rural 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 a Sewer Reserve Fund. As of December 31, 2020 the Sewer Reserve Fund balance was \$539.

The Ohio Water Development Authority (OWDA) loan was obtained in the amount of \$314,579 for construction of the new wastewater collection system in 2009. 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 was obtained in the amount of \$224,145 for the construction of the new wastewater collection system in 2009. 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.

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	USDA Revenue Bonds	OWDA Loan	OPWC Loan
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	38,754	12,163	11,207
2026-2030	193,833	60,817	50,433
2031-2035	193,827	60,817	0
2036-2040	193,850	36,492	0
2041-2045	193,793	0	0
2046-2048	116,268	0	0
Total	<u>\$ 1,085,411</u>	<u>\$ 218,941</u>	<u>\$ 106,468</u>

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 Balances:

Included in fund balance are amounts the Village encumbrances, which 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	980	0	980
<i>Total</i>	<u>\$980</u>	<u>\$0</u>	<u>\$980</u>

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

Village of Mowrystown, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Contingent Liabilities:

Amount 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 of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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, Ohio 45155

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Mowrystown, Highland County, (the Village) and have issued our report thereon dated January 6, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 2021-001 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.



Keith Faber
Auditor of State
Columbus, Ohio
January 6, 2023

**VILLAGE OF MOWRYSTON
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's 2021 financial statements were identified:

General Fund

- Intergovernmental Revenue was overstated by \$200, Property Taxes Revenue was understated by \$248, General Government Expense was understated by \$41, and Cash Fund Balance was understated by \$7.
- Intergovernmental Revenue was overstated, and Cash Fund Balance was understated by \$738.

Special Revenue Fund

- Intergovernmental Revenue was overstated by \$226, Property Taxes Revenue was understated by \$265, General Government Expense was understated by \$46, and Cash Fund Balance was understated by \$7.
- Intergovernmental Revenue was understated, and Cash Fund Balance was overstated by \$738.
- Intergovernmental Revenue was understated, and Property Taxes Revenue was overstated by \$1,162.
- State Highway Fund Intergovernmental Revenue and Cash Fund Balance was understated, and Street Maintenance Fund Intergovernmental Revenue and Cash Fund Balance was overstated by \$428.

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's 2020 financial statements were identified:

General Fund

- Intergovernmental Revenue was understated, and Property Taxes Revenue was overstated by \$1,693.
- Intergovernmental Revenue was overstated, and Cash Fund Balance was understated by \$1,870.
- Budgetary Footnote Actual Expenditures were understated by \$980.
- Budgetary Footnote Appropriation Authority was understated by \$2,429.

**FINDING NUMBER 2021-001
(Continued)**

Special Revenue Fund

- Intergovernmental Revenue was understated, and Property Taxes Revenue was overstated by \$933.
- Intergovernmental Revenue was understated, and Cash Fund Balance was overstated by \$1,870.
- State Highway Fund Intergovernmental Revenue and Cash Fund Balance was understated, and Street Maintenance Fund Intergovernmental Revenue and Cash Fund Balance was overstated by \$421.
- Budgetary Footnote Appropriation Authority was understated by \$90.

Enterprise Fund

- Budgetary Footnote Actual Expenditures were understated by \$24,557.
- Budgetary Footnote Appropriation Authority was understated by \$19,798.

Fiduciary Fund

- Budgetary Footnote Actual Expenditures were understated by \$2,675.
- Budgetary Footnote Appropriation Authority was understated by \$2,675.

The Village corrected the financial statements and accounting records, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

The Village should implement controls to ensure all accounts are accurately recorded in the financial statements.

Officials' Response:

We did not receive a response from the Village.

Village of Mowrystown, Ohio

50 Maple Street
PO Box 25
Mowrystown, OH 45155

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness – Financial Reporting	Not Corrected	Repeated as 2021 - 001

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 2/14/2023

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

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