

**VILLAGE OF MOUNT GILEAD  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**



**GUEYE & ASSOCIATES, CPA, INC.**

2246 S. Hamilton Rd.  
Suite 102  
Columbus, OH 43232

Tel: 614-342-0297  
Fax: 614-423-6615  
[www.gueyecpa.com](http://www.gueyecpa.com)

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OHIO AUDITOR OF STATE  
KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Village Council  
Village of Mount Gilead  
72 West High Street  
Mt. Gilead, OH 43338

We have reviewed the *Independent Auditor's Report* of the Village of Mount Gilead, Morrow County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 11, 2024**

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VILLAGE OF MOUNT GILEAD  
MORROW COUNTY

DECEMBER 31, 2023 AND 2022

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## INDEPENDENT AUDITOR'S REPORT

Village of Mount Gilead  
Morrow County  
72 West High Street  
Mount Gilead, Ohio 43338

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 Mount Gilead, Morrow County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund, and the fiduciary fund type combined total as of and for the years ended December 31, 2023, and December 31, 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

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

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***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.



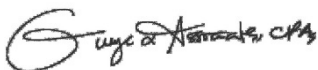
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 May 31, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Columbus, Ohio  
May 31, 2024

**Village of Mount Gilead, Morrow County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Taxes	\$ 85,693	\$ 110,704	\$ -	\$ -	\$ 196,397
Municipal Income Tax	1,372,532	235,783	-	73,687	1,682,002
Intergovernmental	114,724	221,887	-	-	336,611
Charges for Services	-	375,574	-	-	375,574
Fines, Licenses and Permits	99,309	7,227	-	-	106,536
Earnings on Investments	154,127	16,420	-	-	170,547
Miscellaneous	69,654	3,193	-	9,900	82,747
<i>Total Cash Receipts</i>	<u>1,896,039</u>	<u>970,788</u>	<u>-</u>	<u>83,587</u>	<u>2,950,414</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	650,894	493,664	-	-	1,144,558
Public Health Services	9,044	-	-	-	9,044
Transportation	2,806	491,892	-	-	494,698
General Government	483,880	320,760	-	-	804,640
Capital Outlay	-	-	-	560,513	560,513
Debt Service:					
Principal Retirement	-	-	136,942	30,808	167,750
Interest and Fiscal Charges	-	-	11,122	6,289	17,411
<i>Total Cash Disbursements</i>	<u>1,146,624</u>	<u>1,306,316</u>	<u>148,064</u>	<u>597,610</u>	<u>3,198,614</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>749,415</u>	<u>(335,528)</u>	<u>(148,064)</u>	<u>(514,023)</u>	<u>(248,200)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Transfers In	-	371,341	148,386	-	519,727
Transfers Out	(521,127)	-	-	-	(521,127)
Sale of Capital Assets	-	2,159	-	-	2,159
Other Financing Uses	(4)	-	-	-	(4)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(521,131)</u>	<u>373,500</u>	<u>148,386</u>	<u>-</u>	<u>755</u>
<i>Net Change in Fund Cash Balances</i>	228,284	37,972	322	(514,023)	(247,445)
<i>Fund Cash Balances, January 1</i>	<u>3,563,548</u>	<u>1,334,577</u>	<u>322</u>	<u>796,044</u>	<u>5,694,491</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,791,832</u>	<u>\$ 1,372,549</u>	<u>\$ 644</u>	<u>\$ 282,021</u>	<u>\$ 5,447,046</u>

See accompanying notes to the basic financial statements

**Village of Mount Gilead, Morrow County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund**  
**Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2023**

	Proprietary Funds Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,098,612
Miscellaneous	21,320
<i>Total Operating Cash Receipts</i>	<i>2,119,932</i>
<b>Operating Cash Disbursements</b>	
Personal Services	542,338
Employee Fringe Benefits	302,941
Contractual Services	383,811
Supplies and Materials	540,715
Other	39,489
<i>Total Operating Cash Disbursements</i>	<i>1,809,294</i>
<i>Operating Income (Loss)</i>	<i>310,638</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	47,852
Intergovernmental Receipts	1,078
Sale of Fixed Assets	25
Miscellaneous Receipts	300
Capital Outlay	(139,798)
Principal Retirement	(361,338)
Interest and Other Fiscal Charges	(4,577)
Other Financing Sources	21
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(456,437)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>(145,799)</i>
Transfers In	392,315
Transfers Out	(390,915)
<i>Net Change in Fund Cash Balances</i>	<i>(144,399)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,697,718</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 2,553,319</i>

*See accompanying notes to the basic financial statements*

**Village of Mount Gilead, Morrow County  
 Combined Statement of Receipts, Disbursements and Changes  
 in Fund Balances (Cash Basis)  
 All Fiduciary Fund Types  
 For the Year Ended December 31, 2023**

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	Fiduciary Funds Type
	<u>Other Custodial</u>
<b>Additions</b>	
Other Amounts Collected for Distribution	81,718
<i>Total Additions</i>	<u>81,718</u>
<b>Deductions</b>	
Distributions to Other Governments	81,074
<i>Total Deductions</i>	<u>81,074</u>
<i>Net Change in Fund Balances</i>	644
<i>Fund Cash Balances, January 1</i>	450
<i>Fund Cash Balances, December 31</i>	<u>\$1,094</u>

*See accompanying notes to the basic financial statements*

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Mount Gilead (the Village), Morrow 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. The Village operates under a council-mayor form of government and provides general government services, water, sewer, and refuse utilities, street maintenance and repair, police and fire protection services, and recreation.

**Public Entity Risk Pools**

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM). Notes 6 to the financial statements provide additional information for this entity.

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

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

**Fire Fund** This fund receives property tax proceeds and charges for services. The fund is used to provide fire protection services to the residents of the Village and other contracted local governments.

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

**General Obligation Bond** This fund was assigned to expenditure for principal and interest.

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

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Capital Improvement Fund** This fund accounts for all significant capital outlay transactions relating to Village improvement projects. This fund receives revenue primarily from income taxes and transfers.

**Recreation Capital Improvement** This fund will account for all capital outlay transactions relating to recreational purposes only. This fund received revenue through a bond note.

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

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

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

**Garbage Fund** This garbage fund accounts for the provision of refuse and recycling services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and 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's custodial fund is Mayor's Court.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Deposits and Investments***

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

The Village values certificate of deposit, commercial paper, U.S. Treasury Notes and federal securities at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** - The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

***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.

***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 10.

**Village of Mount Gilead, Ohio**  
Morrow County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

<b>2023 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 1,407,150	\$ 1,896,039	\$ 488,889
Special Revenue	1,219,353	1,344,288	124,935
Debt Service	148,386	148,386	-
Capital Projects	60,800	83,587	22,787
Enterprise	2,326,422	2,561,523	235,101
<b>Total</b>	<b>\$ 5,162,111</b>	<b>\$ 6,033,823</b>	<b>\$ 871,712</b>

<b>2023 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 1,814,044	\$ 1,790,839	\$ 23,205
Special Revenue	1,616,746	1,588,430	28,316
Debt Service	148,386	148,386	-
Capital Projects	716,947	716,947	-
Enterprise	2,986,262	2,966,791	19,471
<b>Total</b>	<b>\$ 7,282,385</b>	<b>\$ 7,211,393</b>	<b>\$ 70,992</b>

**Note 4 – Deposits**

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

	<b>2023</b>
<b>Cash Management Pool:</b>	
Demand deposits	\$ 3,324,432
Total deposits	3,324,432
U.S. Treasury Notes	1,883,009
Negotiable Certificate of Deposit	1,127,367
Money Market	26,587
Agency Bonds	1,519,611
Commercial Paper	120,453
Total investments	4,677,027
Total carrying amount of deposits and investments held in the Pool	\$ 8,001,459

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$24,878 in unremitted employee payroll withholdings.



**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Deposits***

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

***Investments***

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

***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).

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Risk Pool Membership**

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

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

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Fifty-Three (53) 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, 2023.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Ohio Police and Fire Retirement System**

Nine (9) Village’s certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2023.

**Social Security**

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

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

**Note 8 - Postemployment Benefits**

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

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$427,234	1.97%
Ohio Water Development Authority 4441	\$1,420,875	2.30%
Ohio Water Development Authority 5497	\$31,983	1.00%
Ohio Water Development Authority 5403	31,855	1.00%
Equipment Lease	169,192	3.14%
Total	<u>\$2,081,139</u>	

The Ohio Water Development Authority (OWDA) loan (5497) relates to a sewer project. The OWDA approved \$80,247.00 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$2,218 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

The OWDA loan (5403) relates to a storm sewer project. The OWDA approved \$79,925 in loans to the Village for this project. The Village will repay the loans in semi-annual installments of \$2,210 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan (4441) is for the sewer plant improvements. The OWDA approved \$6,975,512 in loans to the village for this project. The Village will repay the loans in semi-annual installments of \$178,529, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village's taxing authority collateralized the bonds.

The General Obligation Bond relates to the Recreation Capital Projects Fund. The debt is being paid from the Debt Service Fund in annual installment of \$149,386, including interest, over 5 years. The Village taxing authority collateralized the bonds.

The Equipment lease relates to a financing agreement with Community First National Bank regarding the Village's purchase of a Ladder Truck in 2022. The debt is being paid from the capital project fund in annual installment of \$37,096, including interest, over 6 years.

**Amortization**

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

Year Ending December 31:	Financed Purchased	OWDA Loans	General Obligation Bonds
2024	\$37,096	\$365,915	\$148,396
2025	37,096	365,915	148,386
2026	37,096	365,915	148,386
2027	37,096	365,915	0
2028	36,898	8,856	0
2029-2033	0	22,140	0
Total	<u>\$185,282</u>	<u>\$1,494,656</u>	<u>\$445,168</u>

**Note 10 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$ 123,084	\$ 282,114	\$ 322	\$ 119,337	\$ 524,857
<i>Total</i>	<u>\$ 123,084</u>	<u>\$ 282,114</u>	<u>\$ 322</u>	<u>\$ 119,337</u>	<u>\$ 524,857</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**Note 12– COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Village of Mount Gilead, Morrow County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Taxes	\$ 83,761	\$ 110,250	\$ -	\$ -	\$ 194,011
Municipal Income Tax	1,272,109	-	-	66,953	1,339,062
Intergovernmental	87,622	574,672	-	128,647	790,941
Charges for Services	-	388,011	-	-	388,011
Fines, Licenses and Permits	125,865	2,408	-	-	128,273
Earnings on Investments	112,355	14,273	-	-	126,628
Miscellaneous	46,229	242,129	-	14,400	302,758
<i>Total Cash Receipts</i>	<u>1,727,941</u>	<u>1,331,743</u>	<u>-</u>	<u>210,000</u>	<u>3,269,684</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	599,584	488,378	-	-	1,087,962
Public Health Services	9,455	-	-	-	9,455
Transportation	11,233	797,022	-	-	808,255
General Government	440,831	208,842	-	-	649,673
Capital Outlay	29,759	438,059	-	603,588	1,071,406
Debt Service:					
Principal Retirement	-	-	135,823	-	135,823
Interest and Fiscal Charges	-	-	12,241	-	12,241
<i>Total Cash Disbursements</i>	<u>1,090,862</u>	<u>1,932,301</u>	<u>148,064</u>	<u>603,588</u>	<u>3,774,815</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>637,079</u>	<u>(600,558)</u>	<u>(148,064)</u>	<u>(393,588)</u>	<u>(505,131)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	200,000	200,000
Sale of Capital Assets	-	42,591	-	-	42,591
Transfers In	-	476,700	148,386	-	625,086
Transfers Out	(625,086)	-	-	-	(625,086)
Other Financing Sources	927	-	-	-	927
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(624,159)</u>	<u>519,291</u>	<u>148,386</u>	<u>200,000</u>	<u>43,518</u>
<i>Net Change in Fund Cash Balances</i>	12,920	(81,267)	322	(193,588)	(461,613)
<i>Fund Cash Balances, January 1</i>	<u>3,550,628</u>	<u>1,415,844</u>	<u>-</u>	<u>989,632</u>	<u>5,956,104</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,563,548</u>	<u>\$ 1,334,577</u>	<u>\$ 322</u>	<u>\$ 796,044</u>	<u>\$ 5,694,491</u>

See accompanying notes to the basic financial statements

**Village of Mount Gilead, Morrow County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund**  
**Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2022**

	Proprietary Funds Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,075,635
Miscellaneous	22,799
<i>Total Operating Cash Receipts</i>	2,098,434
<b>Operating Cash Disbursements</b>	
Personal Services	470,930
Employee Fringe Benefits	289,179
Contractual Services	379,813
Supplies and Materials	574,438
Other	39,394
<i>Total Operating Cash Disbursements</i>	1,753,754
<i>Operating Income (Loss)</i>	344,680
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	47,604
Intergovernmental Receipts	57,918
Capital Outlay	(248,784)
Principal Retirement	(360,446)
Interest and Other Fiscal Charges	(5,469)
Sale of Fixed Assets	1,557
<i>Total Non-Operating Receipts (Disbursements)</i>	(507,620)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(162,940)
Transfers In	365,915
Transfers Out	(365,915)
<i>Net Change in Fund Cash Balances</i>	(162,940)
<i>Fund Cash Balances, January 1</i>	\$2,860,658
<i>Fund Cash Balances, December 31</i>	\$ 2,697,718

*See accompanying notes to the basic financial statements*

**Village of Mount Gilead, Morrow County**  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Cash Basis)**  
**All Fiduciary Fund Types**  
**For the Year Ended December 31, 2022**

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	Fiduciary Funds Type
	Other Custodial
<b>Additions</b>	
Other Amounts Collected for Distribution	\$ 55,389
<i>Total Additions</i>	55,389
<b>Deductions</b>	
Distributions to Other Governments	14,981
Distributions to Other Funds (Primary Gov't)	40,408
<i>Total Deductions</i>	55,389
<i>Net Change in Fund Balances</i>	-
<i>Fund Cash Balances, January 1</i>	450
<i>Fund Cash Balances, December 31</i>	\$ 450

*See accompanying notes to the basic financial statements*



**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Mount Gilead (the Village), Morrow 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. The Village operates under a council-mayor form of government and provides general government services, water, sewer, and refuse utilities, street maintenance and repair, police and fire protection services, and recreation.

**Public Entity Risk Pools**

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM). Notes 6 to the financial statements provide additional information for this entity.

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

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

**Fire Fund** This fund receives property tax proceeds and charges for services. The fund is used to provide fire protection services to the residents of the Village and other contracted local governments.

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

**General Obligation Bond** This fund was assigned to expenditure for principal and interest.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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The Village had the following significant capital project funds:

**Capital Improvement Fund** This fund accounts for all significant capital outlay transactions relating to Village improvement projects. This fund receives revenue primarily from income taxes and transfers.

**Recreation Capital Improvement** This fund will account for all capital outlay transactions relating to recreational purposes only. This fund received revenue through a bond note.

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

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

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

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and 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's custodial fund is Mayor's Court.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Deposits and Investments***

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

The Village values certificate of deposit, commercial paper, U.S. Treasury Notes and federal securities at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** - The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

***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.

***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 10.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

<b>2022 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,323,150	\$1,728,868	\$405,718
Special Revenue	1,580,227	1,851,034	270,807
Debt Service	148,386	148,386	0
Capital Projects	222,000	410,000	188,000
Enterprise	2,284,705	2,205,513	(79,192)
<b>Total</b>	<b>\$5,558,468</b>	<b>\$6,343,801</b>	<b>\$785,333</b>

<b>2022 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 1,916,811	\$ 1,717,205	\$ 199,606
Special Revenue	2,086,098	1,947,104	138,994
Debt Service	148,386	148,064	322
Capital Projects	1,283,910	962,718	321,192
Enterprise	2,924,781	2,388,196	536,585
<b>Total</b>	<b>\$ 8,359,986</b>	<b>\$ 7,163,287</b>	<b>\$ 1,196,699</b>

**Note 4 – Deposits**

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

	2023
<b>Cash Management Pool:</b>	
Demand deposits	\$3,825,572
Total deposits	3,825,572
U.S. Treasury Notes	833,893
U.S. Treasury Bonds	410,716
Negotiable Certificate of Deposit	1,296,687
Money Market	18,885
Agency Bonds	705,989
STAR Ohio	1,300,917
Total investments	4,567,087
Total carrying amount of deposits and investments held in the Pool	8,392,659

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$0 in unremitted employee payroll withholdings.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Deposits***

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

***Investments***

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

***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.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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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.

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Risk Pool Membership**

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

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

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Fifty-Three (53) 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, 2022.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Ohio Police and Fire Retirement System**

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The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2022.

**Social Security**

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$564,177	1.97%
Ohio Water Development Authority 4441	\$1,774,057	2.30%
Ohio Water Development Authority 5497	\$36,069	1.00%
Ohio Water Development Authority 5403	35,924	1.00%
Equipment Lease	200,000	3.14%
Total	<u>\$2,610,227</u>	

The Ohio Water Development Authority (OWDA) loan (5497) relates to a sewer project. The OWDA approved \$80,247.00 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$2,218 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

The OWDA loan (5403) relates to a storm sewer project. The OWDA approved \$79,925 in loans to the Village for this project. The Village will repay the loans in semi-annual installments of \$2,210 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan (4441) is for the sewer plant improvements. The OWDA approved \$6,975,512 in loans to the village for this project. The Village will repay the loans in semi-annual installments of \$178,529, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village's taxing authority collateralized the bonds.

The General Obligation Bond relates to the Recreation Capital Projects Fund. The debt is being paid from the Debt Service Fund in annual installment of \$149,386, including interest, over 5 years. The Village taxing authority collateralized the bonds.

The Equipment lease relates to a financing agreement with Community First National Bank regarding the Village's purchase of a Ladder Truck in 2022. The debt is being paid from the capital project fund in annual installment of \$37,096, including interest, over 6 years.

**Amortization**

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

Year Ending December 31:	Financed Purchased	OWDA Loans	General Obligation Bonds
2023	\$37,096	\$365,915	\$148,396
2024	37,096	365,915	148,386
2025	37,096	365,915	148,386
2026	37,096	365,915	148,396
2027	37,096	365,915	0
2028-2032	37,096	30,996	0
Total	\$222,576	\$1,860,571	\$593,564

**Note 10 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$ 1,257	\$ 14,803	\$ -	\$ 359,130	\$ 375,190
<i>Total</i>	\$ 1,257	\$ 14,803	\$ -	\$ 359,130	\$ 375,190

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed.



**Village of Mount Gilead, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**Note 12– COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2022. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



# GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd  
Suite 102  
Columbus, Ohio 43232

Tel: 614-342-0297  
Fax: 614-423-6615  
www.gueyecpa.com

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

Village of Mount Gilead  
Morrow County  
72 West High Street  
Mount Gilead, Ohio 43338

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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Mount Gilead, Morrow County (the Village) and have issued our report thereon dated May 31, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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 No. 2023-001 that we consider to be a material weakness.

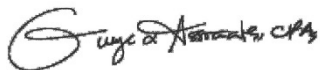
Village of Mount Gilead  
Morrow County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2023-002.

***Purpose of this Report***

This 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.



Columbus, Ohio  
May 31, 2024

VILLAGE OF MOUNT GILEAD  
MORROW COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023, AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness – Financial Reporting Errors**

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 a lack of internal controls the following errors were identified in the 2023 and 2022 financial statements and/or accounting records:

2023

- Principal Retirement and interest expenses in the amount of \$30,808 and \$6,289 in the Capital Project fund were recorded as capital outlay.
- The Mayor's Court receipts and expenditures were understated by \$1,067, and \$4,650, respectively.

2022

- Loan proceeds in the amount of \$200,000 and the resulting capital outlay expenditures were not recorded.
- The Mayor's Court beginning fund balances were not recorded.

The notes to the financial statements included errors such as, but not limited to, errors in the budgetary notes and the debt notes.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these recording errors.

Errors in the financial statements and notes to the financial statements may impact the user's understanding of the financial operations, the ability to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

The Fiscal Officer and Council or a sub-committee of Council such as a finance committee, should review the accounting records during the year and the annual financial statements and notes to the financial statements to help identify and correct errors such as those identified above.

**Officials' Responses:**

We did not receive a response from officials for this finding.

**VILLAGE OF MOUNT GILEAD  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023, AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2023-002**

**Non-Compliance: Prior Certification**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

- A. "Then and Now" Certificate - If the chief fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
  
- B. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not to excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriations.
  
- C. Super Blanket Certificate - The Village may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certificate may, but need not, be limited to a specific vendor. This certificate is noted to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any one-line item appropriation.

VILLAGE OF MOUNT GILEAD  
MORROW COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023, AND 2022

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

FINDING NUMBER 2023-002 (Continued)

**Noncompliance: Prior Certification (Continued)**

The Village did not properly certify the availability of funds prior to the purchase commitment for 7 out of 27 purchases or 25.92%, and 5 out of 25 or 20% of transactions tested in 2023 and 2022, respectively, and there was no evidence the Village followed the aforementioned exceptions.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. The Village should also implement procedures to ensure expenditure does not exceed available resources, thus avoiding negative fund balance situations and enabling the Village to properly certify the availability of funds for purchases.

**Officials' Responses:**

We did not receive a response from officials for this finding.



# Village of Mount Gilead

72 West High Street • Mount Gilead, Ohio 43338

**Cathy Davis**  
*Fiscal Officer*  
(419) 946-4861

## SCHEDULE OF PRIOR AUDIT FINDINGS YEARS ENDED DECEMBER 31, 2023 AND 2022

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Material Weakness: Financial Reporting	Not Corrected	Reissued as Finding # 2023-01

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOUNT GILEAD**

**MORROW 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 6/25/2024**

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

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