

***VILLAGE OF SCIO***

***HARRISION COUNTY***

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021







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Village Council  
Village of Scio  
PO Box 307  
Scio, OH 43988

We have reviewed the *Independent Auditor's Report* of the Village of Scio, Harrison County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Scio is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 02, 2023

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VILLAGE OF SCIO  
HARRISON COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Village of Scio  
Harrison County  
PO Box 307  
Scio, Ohio 43988

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 Scio, Harrison County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, 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 as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended.

***Basis for Opinions***

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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 June 16, 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.

*Charles E. Harris & Associates, Inc.*

***Charles E. Harris & Associates, Inc.***

June 16, 2023

**VILLAGE OF SCIO  
HARRISON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 49,557	\$ 10,758	\$ 60,315
Municipal Income Tax	18,137	54,411	72,548
Intergovernmental	30,341	81,804	112,145
Charges for Services	-	410	410
Fines, Licenses and Permits	97,479	-	97,479
Earnings on Investments	80	-	80
Miscellaneous	14,885	345	15,230
<i>Total Cash Receipts</i>	<u>210,479</u>	<u>147,728</u>	<u>358,207</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	30,131	2,587	32,718
Public Health Services	166	-	166
Leisure Time Activities	-	7,471	7,471
Transportation	-	27,504	27,504
General Government	148,795	14,600	163,395
Capital Outlay	90,588	104,844	195,432
Debt Service:			
Principal Retirement	-	19,408	19,408
Interest and Fiscal Charges	-	1,365	1,365
<i>Total Cash Disbursements</i>	<u>269,680</u>	<u>177,779</u>	<u>447,459</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(59,201)</u>	<u>(30,051)</u>	<u>(89,252)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	14,611	14,611
Other Financing Uses	-	(52)	(52)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>14,559</u>	<u>14,559</u>
<i>Net Change in Fund Cash Balances</i>	(59,201)	(15,492)	(74,693)
<i>Fund Cash Balances, January 1</i>	<u>438,614</u>	<u>266,610</u>	<u>705,224</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 379,413</u>	<u>\$ 251,118</u>	<u>\$ 630,531</u>

See accompanying notes to the financial statements

**VILLAGE OF SCIO  
HARRISION COUNTY**

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

	Proprietary Fund Types	
	Enterprise	
<b>Operating Cash Receipts</b>		
Charges for Services	\$	366,092
Miscellaneous		4,650
		370,742
<b>Operating Cash Disbursements</b>		
Personal Services		158,487
Contractual Services		62,384
Supplies and Materials		57,606
		278,477
<i>Operating Income (Loss)</i>		92,265
<b>Non-Operating Receipts (Disbursements)</b>		
Intergovernmental		495,332
Miscellaneous Receipts		10,698
Redemption of Principal		(101,224)
Interest and Other Fiscal Charges		(158)
Loans Issued		1,378
Capital Outlay		(423,815)
Other Financing Sources		2,826
Other Financing Uses		(20)
		(14,983)
<i>Net Change in Fund Cash Balances</i>		77,282
<i>Fund Cash Balances, January 1</i>		659,603
<i>Fund Cash Balances, December 31</i>	\$	736,885

See accompanying notes to the financial statements

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Scio, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities. The Village contracts with the Scio Volunteer Fire Department to provide fire protection services. The Village also contracts with the Harrison County Sheriff's Department to provide police protection within the Village.

**Public Entity Risk Pool**

The Village participates in a public entity risk pool. Note 6 to the financial statements provides 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 which are 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 Fund** 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.

**COVID Relief Fund** The COVID Relief Fund accounts for and reports federal grants for the COVID-19 care package for residences of the Village of Scio, laptop computers to enable employees to work from home when needed, Truck with COVID-19 package for Village employee to help maintain a 6-foot distance, PPE for all facilities, Cleaning service to disinfect and clean Village Hall and all air ducts. Decontamination area for the Wastewater Treatment Plant. Grants to business to help with Responsible Restart Ohio, and Subgrant to the Scio Volunteer Fire Department.

**Income Tax/Perm Improvement Fund** The Income/Perm Improvement Fund accounts for and reports local income tax collections for the Capital Improvements.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Fund Accounting (Continued)***

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

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

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

***Water Contingency Fund*** The water contingency fund accounts for proceeds from the water collections for any emergencies.

***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 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 (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, or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**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.

**Leases**

The Village is the lessee in various leases (as defined by GASB 87) related to buildings under noncancelable leases. Lease disbursements are recognized when they are paid.

**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*. 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 Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 220,930	\$ 210,479	\$ (10,451)
Special Revenue	189,597	162,339	(27,258)
Enterprise	892,000	880,976	(11,024)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 579,930	\$ 269,680	\$ 310,250
Special Revenue	430,132	177,831	252,301
Enterprise	1,492,383	803,694	688,689

**Note 4 – Deposits and Investments**

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. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool.

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

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$ 1,297,941
Certificates of deposit	69,475
Total deposits	\$ 1,367,416

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings. The reconciled bank balance at year end is zero.

**Deposits**

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as a certain income of residents earned outside 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 individuals pay estimated taxes quarterly and file a declaration annually.

The Village's income tax ordinances allocates twenty-five percent of income tax collections to the General Fund and the remaining seventy-five percent to the Income Tax Permanent Improvement Fund

**Note 6 – Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2022, retention levels are \$100,000 for property and casualty coverages, respectively.



**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management (Continued)**

**Risk Pool Membership (Continued)**

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2022.

Assets	\$ 909,464
Liabilities	<u>( 1,109,394)</u>
Accumulated Surplus	\$ ( 199,930)

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

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

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 – Debt**

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

	2022 Principal	Interest Rate
OWDA-3882	\$ 3,191	6.32%
OWDA-5022	102,319	2.00%
OWDA-8990	52,711	0.00%
OPWC-CT80W	55,669	0.00%
OPWC-CN27Q	13,500	0.00%
OPWC-CT54R	42,254	0.00%
OPWC-CU26Y	15,589	0.00%
Unified- Truck 2020	15,660	3.53%
Total	<u>\$ 300,893</u>	

The Ohio Water Development Authority (OWDA) loan #3882 relates to the West Main Street Waterline Replacement Project. The loan was issued in 2003 in the amount of \$105,822 plus capitalized interest of 20.92 percent, a total of \$105,843. The loan is for 20 years at a two percent interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5022 relates to a new filter system for the water treatment plant. This loan was approved and issued in 2009 in the amount of \$191,977. The loan is for 30 years at a zero interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC CT80W) loan relates to 2<sup>nd</sup> street waterline project phase II. The loan was issued on March 2020 for \$59,644.93 and is due on July 1, 2020. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC CN27Q) loan relates to Sewer Improvement project. The loan was issued on January 2015 for \$45,000.00 and is due on January 1, 2022. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC CT54R) loan relates to Waterline Replacement project. The loan was issued on January 2017 for \$50,705.27 and is due on January 1, 2022. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC CU26Y) loan relates to Fowler Sanitary Sewer Improvement project. The loan was issued on January 2022 for \$15,989.30 and is due on January 1, 2022. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 – Debt (Continued)**

The Unified Bank loan relates to the 2020 Ford truck purchased by the Village in September 2020 for \$38,307.00 at a rate of 3.529% for five years at annual payments of \$8,253. Unified Bank is holding the title to the new vehicle as collateral.

The Ohio Water Development Authority (OWDA) loan #8990 relates to the Wastewater Treatment Plant - Clarifier. The loan was issued in 2022 in the amount of \$56,845. The loan is for 5 years at a 1.92 percent interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Amortization Schedule not available.

***Amortization***

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

Year	OPWC	OWDA	Truck 2020
2023	\$ 4,854	\$ 16,939	\$ 8,252
2024	4,854	16,939	8,252
2025	4,854	16,939	-
2026	4,854	16,939	-
2027	4,854	16,939	-
2028-2032	24,270	75,305	-
2033-2037	24,270	-	-
2038-2042	24,270	-	-
2043-2047	29,932	-	-
Total	\$ 127,012	\$ 160,000	\$ 16,504

**Leases**

The Village leases buildings under noncancelable leases. The Village disbursed \$9,000 to pay lease costs for the year ended December 31, 2022. The building will not be the property of the Village at the end of the lease term.

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village had no encumbrances at year end.

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

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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 continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**VILLAGE OF SCIO  
HARRISON 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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 30,191	\$ 6,323	\$ 36,514
Municipal Income Tax	17,796	54,513	72,309
Intergovernmental	29,166	83,318	112,484
Special Assessments	14,085	-	14,085
Charges for Services	-	240	240
Fines, Licenses, Royalties and Permits	61,402	-	61,402
Earnings on Investments	40	-	40
Miscellaneous	16,850	88	16,938
<i>Total Cash Receipts</i>	<u>169,530</u>	<u>144,482</u>	<u>314,012</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	42,310	3,896	46,206
Public Health Services	167	-	167
Leisure Time Activities	-	8,985	8,985
Transportation	-	19,310	19,310
General Government	150,592	17,508	168,100
Capital Outlay	13,599	44,971	58,570
Debt Service:			
Principal Retirement	-	20,765	20,765
Interest and Fiscal Charges	-	1,600	1,600
<i>Total Cash Disbursements</i>	<u>206,668</u>	<u>117,035</u>	<u>323,703</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(37,138)</u>	<u>27,447</u>	<u>(9,691)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	26,763	26,763
Other Financing Uses	(22,638)	-	(22,638)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(22,638)</u>	<u>26,763</u>	<u>4,125</u>
<i>Net Change in Fund Cash Balances</i>	(59,776)	54,210	(5,566)
<i>Fund Cash Balances, January 1</i>	<u>498,390</u>	<u>212,400</u>	<u>710,790</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 438,614</u>	<u>\$ 266,610</u>	<u>\$ 705,224</u>

See accompanying notes to the financial statements

**VILLAGE OF SCIO  
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Type	
	Enterprise	
<b>Operating Cash Receipts</b>		
Charges for Services	\$	366,947
Miscellaneous		4,551
		371,498
<i>Total Operating Cash Receipts</i>		<i>371,498</i>
<b>Operating Cash Disbursements</b>		
Personal Services		163,693
Contractual Services		69,976
Supplies and Materials		50,251
		283,920
<i>Total Operating Cash Disbursements</i>		<i>283,920</i>
<i>Operating Income (Loss)</i>		<i>87,578</i>
<b>Non-Operating Receipts (Disbursements)</b>		
Intergovernmental		8,176
Other Debt Proceeds		32,470
Miscellaneous Receipts		8,508
Capital Outlay		(39,653)
Redemption of Principal		(24,371)
Interest and Other Fiscal Charges		(2,608)
Other Financing Sources		1,946
Other Financing Uses		(231)
		(15,763)
<i>Total Non-Operating Receipts (Disbursements)</i>		<i>(15,763)</i>
<i>Net Change in Fund Cash Balances</i>		<i>71,815</i>
<i>Fund Cash Balances, January 1</i>		<i>587,788</i>
<i>Fund Cash Balances, December 31</i>	\$	<i>659,603</i>

See accompanying notes to the financial statements

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Scio, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities. The Village contracts with the Scio Volunteer Fire Department to provide fire protection services. The Village also contracts with the Harrison County Sheriff's Department to provide police protection within the Village.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 6 to the financial statements provides 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 which are 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 Fund*** 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.

***COVID Relief Fund*** The COVID Relief Fund accounts for and reports federal grants for the COVID-19 care package for residences of the Village of Scio, laptop computers to enable employees to work from home when needed, Truck with COVID-19 package for Village employee to help maintain a 6-foot distance, PPE for all facilities, Cleaning service to disinfect and clean Village Hall and all air ducts. Decontamination area for the Wastewater Treatment Plant. Grants to business to help with Responsible Restart Ohio, and Subgrant to the Scio Volunteer Fire Department.

***Income Tax/Perm Improvement Fund*** The Income/Perm Improvement Fund accounts for and reports local income tax collections for the Capital Improvements.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Fund Accounting (Continued)***

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

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

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

***Water Contingency Fund*** The water contingency fund accounts for proceeds from the water collections for any emergencies.

***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 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 (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, or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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



**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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*. 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 Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,260	\$ 169,530	\$ 49,270
Special Revenue	153,341	171,245	17,904
Enterprise	471,752	422,598	(49,154)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 609,603	\$ 229,306	\$ 380,297
Special Revenue	361,516	117,035	244,481
Enterprise	982,896	350,783	632,113

**Note 4 – Deposits and Investments**

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. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool.

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

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 1,295,437
Certificates of deposit	69,390
Total deposits	\$ 1,364,827

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings. The reconciled bank balance at year end is zero.

***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as a certain income of residents earned outside 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 individuals pay estimated taxes quarterly and file a declaration annually.

The Village's income tax ordinances allocates twenty-five percent of income tax collections to the General Fund and the remaining seventy-five percent to the Income Tax Permanent Improvement Fund

**Note 6 – Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2021, retention levels are \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2021.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Risk Management (Continued)**

**Risk Pool Membership (Continued)**

Assets	\$ 824,661
Liabilities	<u>( 554,038)</u>
Accumulated Surplus	\$ 270,623

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

6 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, 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.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	2021 Principal	Interest Rate
OWDA-3882	\$ 9,480	6.32%
OWDA-5022	108,521	2.00%
OWDA-8990	56,845	0.00%
OWDA-7577	712	0.00%
OWDA-9039	75,309	0.00%
OPWC-CT80W	57,657	0.00%
OPWC-CN27Q	18,000	0.00%
OPWC-CT54R	43,944	0.00%
Unified- Truck 2019	11,981	0.00%
Unified- Truck 2020	<u>23,087</u>	3.53%
Total	<u>\$ 405,536</u>	

The Ohio Water Development Authority (OWDA) loan #8990 relates to the Wastewater Treatment Plant -Clarifier. The loan was issued in 2022 in the amount of \$56,845. The loan is for 5 years at a 1.92 percent interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Amortization Schedule not available.

The Ohio Water Development Authority (OWDA) loan #3882 relates to the West Main Street Waterline Replacement Project. The loan was issued in 2003 in the amount of \$105,822 plus capitalized interest of 20.92 percent, a total of \$105,843. The loan is for 20 years at a two percent interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5022 relates to a new filter system for the water treatment plant. This loan was approved and issued in 2009 in the amount of \$191,977. The loan is for 30 years at a zero interest rate. The loan will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #7577 relates to the mandated Asset Management Program. Loan was issued in late 2017 for \$7112 for five years at a zero interest rate. It will be repaid in semi-annual installments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC CT80W) loan relates to 2<sup>nd</sup> street waterline project phase II. The loan was issued on March 2020 for \$59,644.93 and is due on July 1, 2020. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC CN27Q) loan relates to Sewer Improvement project. The loan was issued on January 2015 for \$45,000.00 and is due on January 1, 2022. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (Continued)**

The Ohio Public Works Commission (OPWC CT54R) loan relates to Waterline Replacement project. The loan was issued on January 2017 for \$50,705.27 and is due on January 1, 2022. The Village will repay the loan in semiannual payments. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loan #9039 relates to the Walnut, Grandview, Brown and Maple Waterline Replacement Project. The loan was issued in 2022 in the amount of \$75,308.50. The loan is for 5 years. A payment of \$9,950.00 was made and this loan has been rolled over to another loan starting in 2024. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Unified Bank loan relates to the 2019 Ford truck purchased by the Village in October 2018 for \$62,559 at a rate of 4.44% for five years at annual payments of \$12,512. Unified Bank is holding the title to the new vehicle as collateral.

The Unified Bank loan relates to the 2020 Ford truck purchased by the Village in September 2020 for \$38,307.00 at a rate of 3.529% for five years at annual payments of \$8,252.91. Unified Bank is holding the title to the new vehicle as collateral.

**Amortization**

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

Year	OPWC	OWDA	Truck 2020	Truck 2019
2022	\$ 4,454	\$ 16,939	\$ 8,252	\$ 12,512
2023	4,454	16,939	8,252	-
2024	4,454	16,939	8,252	-
2025	4,454	16,939	-	-
2026	4,454	16,939	-	-
2027-2031	22,270	84,695	-	-
2032-2036	22,270	84,695	-	-
2037-2041	22,270	-	-	-
2042-2049	30,521	-	-	-
Total	<u>\$ 119,601</u>	<u>\$ 254,085</u>	<u>\$ 24,756</u>	<u>\$ 12,512</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. 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.

**Village of Scio, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned. There were no outstanding encumbrances at year end.

**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 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 funding, either federal or state, cannot be estimated.

***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Village of Scio  
Harrison County  
PO Box 307  
Scio, Ohio 43988

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type of the Village of Scio, Harrison County, (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 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*.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 16, 2023.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

***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.



***Charles E. Harris & Associates, Inc.***

June 16, 2023

VILLAGE OF SCIO  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

**Finding 2022-001 – Material Weakness**

**Financial Reporting - Posting Receipts, Disbursements and Fund Classifications**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2022

- An adjustment to correct Gasoline taxes posted in the incorrect proportions between the Highway and Street Funds in the amount of \$5,763. The Street Fund should be increased and the Highway Fund decreased.
- Debt Proceeds were not booked in the amount of \$14,611.
- OWDA Principal forgiveness loan in the amount of \$75,309 was not booked.
- The following funds, the OPWC EPA Fowler Ave Project WW, OWDA WWTP Clarifier Loan, and Waterline Rep OPWC ARC EPA STR Funds were classified as Special revenue funds instead of the enterprise funds.

For 2021

- A reclassification of Miscellaneous Revenue to Special Assessment revenue in the General Fund for \$14,085 to properly record Special Assessment Revenue.
- An adjustment from the Park Fund in the amount of \$9,150 to the General Fund to properly record cable franchise fees in the General Fund as required by Ohio Revised Code.
- An adjustment to correct Homestead and Rollback posted to the Street Fund as Motor Vehicles License Tax instead of the Police Funds in the amount of \$343.
- An adjustment to correct Gas and Motor Vehicle License Tax posted in the incorrect proportions between the Highway and Street Funds in the amount of \$5,703. The Street Fund should be increased and the Highway Fund decreased.
- Debt Proceeds were not booked in the amount of \$26,763.

Not Classifying funds correctly and errors in posting disbursements and revenues resulted in the financial statements requiring reclassification and adjusting entries. The financial statements reflect all adjustments and reclassifications. The Village has made the adjustments to their accounting system.

Also, during 2022 and 2021 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

Budgetary Activity  
Risk Management  
Debt  
Fund Balances

VILLAGE OF SCIO  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

**Finding 2022-001– Noncompliance (Continued)**

**Financial Reporting - Posting Receipts and Disbursements (Continued)**

We recommend the Fiscal Officer refer to the Village Officer's Handbook and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

**Management's Response** – See Corrective Action Plan.

VILLAGE OF SCIO  
HARRISON COUNTY

CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-001	Fiscal Officer will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Heidi Trice – Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SCIO**

**HARRISON 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 8/15/2023**

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](http://www.ohioauditor.gov)