



Mary Taylor, CPA  
Auditor of State



**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

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# Mary Taylor, CPA

Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 22, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Mowrystown, Highland County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in paragraph six, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Village prepared its financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

The Village did not provide sufficient evidence to support the completeness of the Mayor's Court Fund Other Non-Operating receipts and Other Non-Operating disbursements for 2006 nor were we able to satisfy ourselves of the completeness by other auditing procedures. The Other Non-Operating receipts represent 100% of the Agency Fund receipts, and the Other Non-Operating disbursements represent 100% of Agency Fund disbursements recorded on the financial statements in 2006.

In our opinion, except for the adjustments, if any, that might have been determined to be necessary had we been able to obtain sufficient evidence supporting the Agency Fund Other Non-Operating receipts and Other Non-Operating disbursements for 2006, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Mowrystown, Highland County, as of December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Ohio Revised Code Section 5705.10(H) requires that money paid into any fund shall be used only for the purpose for which such fund is established. Ohio Revised Code Section 5705.10 also requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received.

In 2007, the Village recorded Sewer Construction Fund grant monies in the Sewer Revenue Fund (\$50,000), paid sewer construction expenditures out of the Sewer Revenue Fund (\$31,150) and credited the Sewer Revenue Fund instead of the Sewer Debt Service Fund for prepayment of assessment fees by residents (\$500).

Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16 provide guidelines pertaining to allowable inter-fund transfers. During 2006, an advance of \$5,000 was approved by Council from the Street Construction, Maintenance and Repair Fund to the General Fund, to be repaid by year end. The advance was not repaid, and was reported as a transfer on the annual financial report for 2006. Monies in the Street Construction Maintenance and Repair Fund are restricted and can only be used for street purposes.

The adjustments required to report the receipts and expenditures in the Sewer Construction and Sewer Debt Service Funds and the repayment advance/transfer made from the General Fund is as follows:

<b>December 31, 2007</b>			
<b>Increase/(Decrease)</b>			
<b>Fund</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Fund Balance</b>
General	(5,000)		(\$5,000)
Street Construction, Maintenance and Repair		(5,000)	5,000
Sewer Revenue	(50,500)	(31,150)	(19,350)
Sewer Construction	50,000	31,150	18,850
Sewer Debt Service	<u>500</u>		<u>500</u>
Net	( 5,000)	( 5,000)	0



Also, in our opinion, because of the effects of the matter discussed in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Mowrystown, Highland County, as of December 31, 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements that collectively comprise the Village's financial statements. The federal awards expenditure schedule for December 31, 2007 is required by U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected the federal awards expenditure schedule for December 31, 2007 to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

April 22, 2009

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**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$11,815	\$28,924	\$40,739
Intergovernmental	40,441	25,462	65,903
Charges for Services		15,500	15,500
Fines, Licenses and Permits	185		185
Miscellaneous	220	2,590	2,810
	<u>52,661</u>	<u>72,476</u>	<u>125,137</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	6,749	34,206	40,955
Public Health Services	547		547
Leisure Time Activities	2,488		2,488
Transportation		11,500	11,500
General Government	42,589		42,589
	<u>52,373</u>	<u>45,706</u>	<u>98,079</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over Disbursements	<u>288</u>	<u>26,770</u>	<u>27,058</u>
Fund Cash Balances, January 1	<u>2,612</u>	<u>85,500</u>	<u>88,112</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,900</u></b>	<b><u>\$112,270</u></b>	<b><u>\$115,170</u></b>
Reserve for Encumbrances, December 31	<u>\$1,810</u>	<u>\$1,671</u>	<u>\$3,481</u>

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

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$169,807		169,807
Total Operating Cash Receipts	169,807	0	169,807
<b>Operating Cash Disbursements:</b>			
Personal Services	1,973		1,973
Supplies and Materials	28,540		28,540
Total Operating Cash Disbursements	30,513	0	30,513
Operating Income	139,294	0	139,294
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental	1,404,570		1,404,570
Other Debt Proceeds	949,523		949,523
Total Non-Operating Cash Receipts	2,354,093	0	2,354,093
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	2,235,790		2,235,790
Total Non-Operating Cash Disbursements	2,235,790	0	2,235,790
Net Receipts Over Disbursements	257,597	0	257,597
Fund Cash Balances, January 1	5,823	1,812	7,635
<b>Fund Cash Balances, December 31</b>	<b>\$263,420</b>	<b>\$1,812</b>	<b>\$265,232</b>
Reserve for Encumbrances, December 31	\$38,101	\$0	\$38,101

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

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$12,573	\$17,087	\$29,660
Intergovernmental	42,964	25,117	68,081
Charges for Services	120	17,000	17,120
Fines, Licenses and Permits	8,272	430	8,702
Miscellaneous	2,594	3,051	5,645
	<u>66,523</u>	<u>62,685</u>	<u>129,208</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	11,929	31,661	43,590
Public Health Services	558		558
Leisure Time Activities	3,802		3,802
Transportation		536	536
General Government	52,123	1,664	53,787
	<u>68,412</u>	<u>33,861</u>	<u>102,273</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(1,889)</u>	<u>28,824</u>	<u>26,935</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	5,000	3,397	8,397
Transfers-Out	<u>(3,397)</u>	<u>(5,000)</u>	<u>(8,397)</u>
	<u>1,603</u>	<u>(1,603)</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(286)	27,221	26,935
Fund Cash Balances, January 1	<u>2,898</u>	<u>58,279</u>	<u>61,177</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,612</u></b>	<b><u>\$85,500</u></b>	<b><u>\$88,112</u></b>
Reserve for Encumbrances, December 31	<u>\$664</u>	<u>\$107</u>	<u>\$771</u>

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

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$9,834		9,834
Total Operating Cash Receipts	9,834	0	9,834
<b>Operating Cash Disbursements:</b>			
Contractual Services	462		462
Supplies and Materials	5,049		5,049
Total Operating Cash Disbursements	5,511	0	5,511
Operating Income	4,323	0	4,323
<b>Non-Operating Cash Receipts:</b>			
Other Debt Proceeds	349,828		349,828
Other Non-Operating Cash Receipts		10,477	10,477
Total Non-Operating Cash Receipts	349,828	10,477	360,305
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	67,758		67,758
Redemption of Principal	253,147		253,147
Interest and Other Fiscal Charges	28,923		28,923
Other Non-Operating Cash Disbursements		10,908	10,908
Total Non-Operating Cash Disbursements	349,828	10,908	360,736
Net Receipts Over/(Under) Disbursements	4,323	(431)	3,892
Fund Cash Balances, January 1, restated	1,500	2,243	3,743
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,823</u></b>	<b><u>\$1,812</u></b>	<b><u>\$7,635</u></b>
Reserve for Encumbrances, December 31	<u>\$10,000</u>	<u>\$0</u>	<u>\$10,000</u>

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

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mowrystown, Highland County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Village Council governs the Village. The Village provides general governmental services, fire protection, police services, and park maintenance.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash and Deposits**

The Village deposits all available funds in a non-interest earning checking account at a local commercial bank.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Fire Levy Fund – This fund receives tax monies and charges for services for providing fire protection to the Village residents and to other contracted governmental entities.

Police Levy Fund – This fund receives tax monies to provide police protection for the Village residents.

**3. 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 Fund:

Sewer Revenue Fund - This fund receives the monthly user fee for the sewer system

Sewer Construction Fund – This fund receives grants and proceeds of loans for construction of a sewer system.

**4. Fiduciary Fund (Agency Fund)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The village had the following significant agency fund:

Mayor's Court Fund - This fund accounts for the activities of the Village Mayor's Court in 2006. Mayor's court was not in operation during 2007.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. 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 also approve estimated resources.



**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. 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 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. Equity in Pooled Cash and Deposits**

The Village maintains a cash and deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$380,402</u>	<u>\$95,747</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by Federal Home Loan Bank letters of credit in the name of the financial institution's public entity pool or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,396	\$52,661	(\$7,735)
Special Revenue	63,699	72,476	8,777
Enterprise	1,527,874	2,523,900	996,026
Total	\$1,651,969	\$2,649,037	\$997,068

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,672	\$54,183	\$9,489
Special Revenue	150,886	47,377	103,509
Enterprise	1,911,394	2,304,404	(393,010)
Total	\$2,125,952	\$2,405,964	(\$280,012)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,850	\$71,523	\$17,673
Special Revenue	41,899	66,082	24,183
Enterprise	0	359,662	359,662
Total	\$95,749	\$497,267	\$401,518

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,950	\$72,473	(\$13,523)
Special Revenue	53,428	38,968	14,460
Enterprise	66,090	365,339	(299,249)
Total	\$178,468	\$476,780	(\$298,312)

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded the total certified as available for appropriations in the Fire Levy, Sewer Capital Project and Sewer Revenue Fund in 2007 and the Police Levy Fund in 2006. Contrary to Ohio Rev. Code Section 5705.41 B, disbursements exceed the appropriation authority in the Sewer Capital Project Fund for 2007 and in the General Fire Levy, Sewer Capital Project, Sewer Revenue Funds in 2006. Also contrary to Ohio law prior certification was not obtained for all expenditures.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Property Tax**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Debt**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #4595	\$756,505	6.50%
Ohio Water Development Authority Loan #4596	313,036	1%
Ohio Public Works Commission Loan	<u>202,806</u>	0%
Total	<u><u>\$1,272,347</u></u>	

The Ohio Water Development Authority (OWDA) loans are for the new wastewater collection system. As of December 31, 2007 an amortization schedule had not been prepared for the OWDA loans. Repayment of this debt will not begin until January 1, 2009. At that time, an amortization schedule will be prepared. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan is also for the new wastewater collection system. Repayment of this debt will not begin until July 1, 2009. The Village will repay the loans in semiannual installments of \$5,070 over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. Debt (Continued)**

Amortization of the above OPWC Loan follows:

Year ending December 31:	<u>OPWC Loan</u>
2009	\$10,140
2010	10,140
2011	10,140
2012	10,140
2013	10,140
2014-2018	50,702
2019-2023	50,702
2024-2028	50,702
2029-2033	0
2023-2027	0
2034-2038	0
Total	<u><u>\$202,806</u></u>

**6. Retirement Systems**

The Village's officials contribute to Social Security. Contribution rates for 2007 and 2006 were 6.2% for employee and employer.

The Village's law enforcement officer and fiscal officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, the OPERS member contributed 9.5% and 9%, respectively, of his gross salary and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of the participant's gross salary. The Village has paid all contributions required through December 31, 2007.

**7. Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. Risk Management (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to

\$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. Risk Management (Continued)**

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$15,284. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2005	\$7,625
2006	7,708
2007	7,642

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. Compliance**

The Fiscal Officer failed to accurately maintain the Village's books as required by Ohio Revised Code, Section 733.28.

The Mayor did not properly account for mayor's court monies as required by Ohio Revised Code, Section 1905.21.

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**8. Compliance (Continued)**

The Village did not maintain a receipt journal or an appropriation ledger for 2006 as required by Ohio Administrative Code Section 117-2-02(A).

Contrary to Ohio Revised Code Section 5705.10(H), the Police Levy fund had a negative fund balance.

The Village did not authorize or certify tax levies to the County Auditor as required by Ohio Revised Code section 5705.34.

During 2006, the Village Council advanced \$5,000 from the Street Construction, Maintenance and Repair fund to the General Fund and \$1,000 to the Sewer fund from the Street Construction, Maintenance and Repair fund, contrary to Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

In 2007, the Village recorded Sewer Construction Fund grant monies in the Sewer Revenue Fund (\$50,000), paid sewer construction expenditures out of the Sewer Revenue Fund (\$31,150), and credited the Sewer Revenue Fund instead of the Sewer Debt Service Fund for prepayment of assessment fees by residents (\$500), contrary to Ohio Revised Code Section 5705.10.

**9. Prior Period Adjustments**

The Mayor's Court fund was not included in the agency fund balance at December 31, 2005. An adjustment was made to the January 1, 2006 balance to include this account as follows:

Fund Balance December 31, 2005	\$ -0-
Mayor's Court Fund	<u>2,243</u>
Fund Balance January 1, 2006	<u>\$2,243</u>

The Sewer Construction Fund was reclassified from a Capital Projects fund type to an Enterprise Fund type. An adjustment was made to the January 1, 2006 fund balance to include this account as follows:

	<b>Capital Project Fund Type</b>	<b>Enterprise Fund Type</b>
Fund Balance December 31, 2005	\$ 1,500	\$ 0
Sewer Improvement Fund Balance	<u>(1,500)</u>	<u>1,500</u>
Fund Balance January 1, 2006	<u>\$ 0</u>	<u>\$1,500</u>

**10. Subsequent Events**

In 2008, the Village became part of a new fire district, the Southern Highland Joint Fire District, consisting of the Village of Mowrystown, Concord Township and Whiteoak Township in Highland County. The Village has turned over the cash balance of the Fire Fund and all fire equipment owned by the Village to the new joint fire district.

On June 9, 2008 the Village issued \$753,000 mortgage revenue bonds to retire the outstanding OWDA loans.

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**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE - RURAL UTILITIES SERVICE</b>			
Water and Waste Disposal Systems for Rural Communities		10.760	\$563,150
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant Program	C-W-05-307-1	14.228	1,132,342
<b>Total</b>			<b><u>\$1,695,492</u></b>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE  
DECEMBER 31, 2007 AND 2006**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.



# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Mowrystown, Highland County, Ohio (the Village), as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated April 22, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We qualified our report because the Village did not provide sufficient documentation supporting the receipts and disbursements of the Mayor's Court Agency Fund for 2006. We also noted in 2007, the Village recorded Sewer Construction Fund grant monies in the Sewer Revenue Fund (\$50,000), paid sewer construction expenditures out of the Sewer Revenue Fund (\$31,150), and credited the Sewer Revenue Fund instead of the Sewer Debt Service Fund for prepayment of assessment fees by residents (\$500), contrary to Ohio Revised Code 5705.10. In addition, during 2006, the Village advanced \$5,000 from the Street Construction, Maintenance and Repair fund to the General Fund contrary to Ohio Revised Code Section 5705.14, 5705.15 and 5705.16. Furthermore, we noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Except as discussed in the second sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: finding numbers 2007-002, 2007-003 and 2007-008 through 2007-010.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described in the schedule of findings as finding numbers: 2007-002, 2007-003, 2007-008 and 2007-009 to be material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 22, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-009.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated April 22, 2009.

We intend this report solely for the information and use of the management, Village Council, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 22, 2009



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

### Compliance

We have audited the compliance of the Village of Mowrystown, Highland County, Ohio (the Village), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal programs. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Mowrystown complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying schedule of findings as items 2007-011 and 2007-012.

### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Village's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that the Village's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as findings 2008-011 and 2008-012 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider findings 2007-011 and 2007-012 described in the accompanying schedule of findings to be material weaknesses.

We intend this report solely for the information and use management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 22, 2009

**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133  
DECEMBER 31, 2007**

**SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified – December 31, 2006 Adverse – December 31, 2007
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	YES
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	YES
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	YES
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	YES
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	14.228 Community Development Block Grant 10.760 Water and Waste Disposal Systems for Rural Communities Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation/Finding for Adjustment**

**Ohio Rev. Code, Section 5705.10**, requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. Although inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans, the intent of this type of cash advance is to require payment within the current or succeeding year and cash advances are subject to the following requirements, as outlined in Auditor of State Bulletin 97-003:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision (Village Council) which must include both a specific statement that the transaction is an advance of cash and an indication of the money (fund) from which it is expected that repayment will be made.

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer (repayment is no longer expected) the following procedures should be followed:

- The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas (See ORC 5705.14, 5705.15, and 5705.16);
- The transfer should be formally recorded on the records of the subdivision; and
- The entries recording the cash advance should be reversed.

**Ohio Rev. Code, Sections 5705.14, 5705.15 and 5705.16**, provide guidelines pertaining to allowable inter-fund transfers. Ohio Rev. Code Section 5705.14 provides that interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att’y Gen. No. 89-075 (Ohio Rev. Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.) In certain circumstances, which are detailed in Ohio Rev. Code Section 5705.14, transfers from funds other than the General Fund may be made by a resolution passed by a two-thirds vote of the taxing authority. In some cases, approval of the County Tax Commissioner and a court order from the Court of Common Pleas are also required.

During 2006, an advance of \$5,000 was approved by Council from the Street Construction, Maintenance and Repair Fund to the General Fund, to be repaid by year end. The advance was not repaid, and was reported as a transfer on the annual financial report for 2006. Monies in the Street Construction Maintenance and Repair fund are restricted and can only be used for street purposes. The Street Construction, Maintenance and Repair fund could not advance or transfer funds to the General Fund.



**FINDING NUMBER 2007-001  
 (Continued)**

Additionally, during 2006 a transfer of \$1,000 was posted from the Street Construction, Maintenance and Repair Fund to the Sewer Revenue Fund. Monies in the Street Construction Maintenance and Repair Fund are restricted and can only be used for street purposes.

In accordance with the forgoing facts, a finding for adjustment in the amount of \$5,000 is hereby issued against the General Fund and in favor of the Street Construction, Maintenance and Repair fund. Also in accordance with the forgoing facts, a finding for adjustment in the amount of \$1,000 is hereby issued against the Sewer Fund and in favor of the Street Construction, Maintenance and Repair fund.

**FINDING NUMBER 2007-002**

**Noncompliance Citation/Material Weakness**

**Ohio Rev. Code, Section 733.28**, provides, in part, that the village clerk shall keep the books of the village and exhibit accurate statements of all moneys received and expended. Many adjustments and reclassification were required to the financial statements during the audit because transactions were not properly posted.

In addition to the posting errors noted in Finding 2007-003, the following errors overstated or understated receipts and disbursements and have been posted to the Village's financial statements:

<b>Fund</b>	<b>Item</b>	<b>Amount</b>	<b>Reported As</b>	<b>Proper Posting</b>
<b>2006</b>				
Sewer Capital Projects	Drawdown of OWDA loan #4596	\$282,070	Not reported	Proceeds of Loans
Sewer Capital Projects	Pay off of OWDA loan #3716	253,147	Not reported	Loan Principal Payment
Sewer Capital Projects	Interest paid on OWDA loan #3716	28,923	Not reported	Interest and Fiscal Charges
<b>2007</b>				
Sewer Capital Projects	OPWC Grant receipts	224,999	Not reported	Intergovernmental
Sewer Capital Projects	OPWC Grant expenditures	224,999	Not reported	Capital Outlay
Sewer Capital Projects	OPWC loan receipts	202,805	Not reported	Proceeds of Loans
Sewer Capital Projects	OPWC loan disbursements	202,805	Not reported	Capital Outlay
Sewer Capital Projects	Highland County paid vendor for services from their Formula Block Grant	100,000	Not reported	Intergovernmental
Sewer Capital Projects	Highland County paid vendor for services from their Formula Block Grant	100,000	Not reported	Capital Outlay

**FINDING NUMBER 2007-002  
 (Continued)**

The following transactions were not posted to the proper line-item account, which caused them to be reported in the wrong financial statement classification:

<b>Fund</b>	<b>Item</b>	<b>Amount</b>	<b>Financial Statement Classification Reported</b>	<b>Proper Financial Statement Classification</b>
<b>2006</b>				
General	Police department expenditures	15,731	General Government	Security of Persons and Property
General	Expenditures for street lights	3,801	General Government	Security of Persons and Property
General	Purchase of electric, heating gas, water, phone, and trash service for Village buildings	19,006	Basic Utility Services	General Government
Street Construction, Maintenance, and Repair	Distributions of auto registration and gasoline taxes from the state	19,189	Taxes	Intergovernmental
Fire Levy	Fire contracts with townships	17,000	Miscellaneous	Charges For Services
Sewer Capital Project	OWDA loan #3716 drawdown	53,845	Miscellaneous	Proceeds of Loans
Sewer Capital Project	OWDA loan #4596 drawdown	13,913	Miscellaneous	Proceeds of Loans
<b>2007</b>				
General	Expenditures for payroll, insurance, worker's compensation, etc, not related to the park	11,387	Leisure Time Activities	General Government
General	Police department expenditures	6,749	Basic Utility Services	Security of Persons and Property
General	Purchase of electric, heating gas, water, phone, and trash for Village buildings	11,471	Basic Utility Services	General Government
Fire Levy Fund	Fire department purchases of supplies	22,148	Basic Utility Services	Security of Persons and Property
Debt Service Fund	Correction for tap-in fees posted as fund balance adjustment	10,000	Beginning Balance	Charges For Services

**FINDING NUMBER 2007-002  
 (Continued)**

<b>Fund</b>	<b>Item</b>	<b>Amount</b>	<b>Financial Statement Classification Reported</b>	<b>Proper Financial Statement Classification</b>
<b>2007</b>				
Sewer Capital Projects	OWDA loan #4595 drawdown	734,223	Special Assessments	Proceeds of Loans
Sewer Capital Projects	OWDA loan #4596 drawdown	12,494	Special Assessments	Proceeds of Loans
Sewer Capital Projects	CDBG grant drawdown	500,000	Special Assessments	Intergovernmental
Sewer Capital Projects	USDA Wastewater System Grant drawdown	525,480	Special Assessments	Intergovernmental

Failure to accurately post transactions resulted in transactions being inaccurately classified in the annual report and inaccurate fund balances. Reclassifications and adjustments were made on the financial statements to correct the posting errors. We recommend that the Fiscal Officer review Auditor of State Bulletin 2000-008 and the chart of accounts to assure that items are being posted to the proper funds and account codes.

**FINDING NUMBER 2007-003**

**Noncompliance Citation/Finding for Adjustment/Material Weakness**

**Ohio Rev Code, Section 5705.10(H)**, requires that money paid into any fund shall be used only for the purpose for which such fund is established.

The Policy Levy Fund had negative fund balances of (\$12,939) to (\$3,397) from January 1, 2006 through December 28, 2006. The deficit balance occurred in prior years because the Village Officials were not monitoring the expenditures and fund balance. At year end 2006, the Village cut police expenditures and transferred \$3,397 from the General Fund to the Police Levy Fund to eliminate the negative fund balance. The deficit balances indicate that cash from other funds was used to pay the obligations of the Police Levy Fund. Public funds should not be obligated unless the money has been appropriated and is available for expenditure. The Village should follow the procedures in Auditor of State Bulletin 1997-003 and Ohio Rev. Code Section 5705.14 for advancing or transferring monies when such a situation occurs.

In addition, the Village paid the following expenditures out of the improper fund indicating the Village was using money paid into the fund for purposes other than for which it was established:

**FINDING NUMBER 2007-003  
 (Continued)**

Item	Amount	Fund Credited	Proper Fund
<b>2007</b>			
Contractor's fees for hookups paid for by the CDBG Grant	29,950	Sewer Revenue Fund – Supplies and Materials	Sewer Construction Fund – Capital Outlay
Drawdown of low to moderate income portion of CDBG Grant	50,000	Sewer Revenue Fund – Charges For Services	Sewer Construction Fund - Intergovernmental
Inspection fees paid for by the CDBG Grant	1,200	Sewer Revenue Fund – Supplies and Materials	Sewer Construction Fund – Capital Outlay
Prepayments of assessment fees by residents	500	Sewer Revenue Fund – Charges For Services	Debt service Fund – Charges For Services

In accordance with the forgoing facts, a finding for adjustment is hereby issued against the Sewer Revenue Fund in the amount of \$19,350, and in favor of the Sewer Construction Fund in the amount of \$18,850 and in favor of the Sewer Debt Service Fund in the amount of \$500.

In accordance with Auditor of State Bulletin 2000-008, when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

**FINDING NUMBER 2007-004**

**Noncompliance Citation**

**Ohio Rev Code, Section 5705.34**, provides in part that each taxing authority shall pass an ordinance or resolution to authorize the necessary tax levies for the following year and certify them to the County Auditor before the first day of October in each year. The Village did not make this resolution or submit it to the County Auditor during 2006 or 2007 as required. The Fiscal Officer stated that she was unaware of the requirement. Failure to submit the resolution could result in the loss of tax money. The Village should implement procedures to authorize the necessary tax levies by or before October 1 of each year, unless a later date is approved by the tax commissioner.

**FINDING NUMBER 2007-005**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.39**, provides in part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure as certified by the county budget commission. Appropriations exceeded the total certified resources as follows:

Fund	Certified Resources	Appropriations	Variance
<b>2007</b>			
Fire Levy	\$31,162	\$33,742	\$(2,580)
Sewer Capital Project	1,521,500	1,769,197	(247,697)
Sewer Revenue	13,197	78,187	(65,000)

Fund	Certified Resources	Appropriations	Variance
<b>2006</b>			
Police Levy	\$1,640	\$8,364	\$(6,724)

Council should check the latest amended certificate before making any appropriations to determine the total resources certified as available for appropriations.

**FINDING NUMBER 2007-006**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.41(B)**, requires that no subdivision is to expend money unless it has been appropriated. Expenditures exceeded appropriations as follows:

Fund	Appropriations	Expenditures	Variance
<b>2007</b>			
Sewer Capital Project	1,779,197	2,271,832	(492,635)

Fund	Appropriations	Expenditures	Variance
<b>2006</b>			
General	\$58,950	\$72,473	\$(13,523)
Fire Levy	23,049	29,525	(6,476)
Sewer Capital Project	66,090	359,828	(293,738)
Sewer Revenue	0	5,511	(5,511)

Expending more than is appropriated would not occur if prior certification for expenditures were properly used. The Village Fiscal Officer should deny payment requests lacking sufficient appropriations.

## FINDING NUMBER 2007-007

### Noncompliance Citation

**Ohio Rev. Code, Section 5705.41(D)(1)**, prohibits a subdivision or taxing unit from making any contract or giving any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every 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 a fiscal officer'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 Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that 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 the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a 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.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in 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 year. 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 appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts 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, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Contrary to the above requirement, the availability of funds was not certified for 100% of transactions tested for 2006 and 20% of transactions tested for 2007. "Then and now" certifications were prepared for 74% of the transactions tested in 2007. However, the Fiscal Officer did not sign any of the purchase orders or "then and now" certifications issued making 100% of the certifications invalid. Failure to certify the availability of funds and encumber appropriations resulted in overspending funds and negative cash balances.

**FINDING NUMBER 2007-007  
(Continued)**

Also, as a result of not properly using purchase orders, the Village had unrecorded reserves for encumbrances in the Sewer Capital Projects Fund in the amount of \$36,042 at December 31, 2007 and \$10,000 at December 31, 2006. The Village made the adjustments to include the outstanding encumbrances on the financial statements.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments received prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that 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, however, "then and now" certifications should only be used in limited circumstances when prior certificate is not possible, and should not be used to avoid prior certification.

We recommend the Village personnel obtain the Fiscal Officer's certification of the availability of funds prior to incurring the commitment. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

**FINDING NUMBER 2007-008**

**Noncompliance Citation/Material Weakness**

**Ohio Admin. Code, Section 117-2-02(A)**, provides, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, and prepare financial statements.

Subsection (D) states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- 1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- 2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- 3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

**FINDING NUMBER 2007-008  
(Continued)**

- 4) In addition, all local public offices should maintain or provide a report similar to the following accounting records:
- (a) Payroll records including: W-2's, W-4's and other withholding records and authorizations.
    - (i.) Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.
    - (ii.) Check register that includes, in numerical sequence, the check number, payee, net amount, and the date.
    - (iii.) Information regarding nonmonetary benefits such as car usage and life insurance.
    - (iv.) Information, by employee, regarding leave balances and usage.

The Village did not maintain a receipts journal or appropriation ledger for 2006. The manual cash journal maintained did not provide sufficient level of classification to provide management with information to make informed management decisions, or for the Fiscal Officer to easily prepare the annual financial report. These factors contributed to the financial reporting errors noted in Finding 2007-002. In 2007, the Village began using the UAN accounting system which provides classification of transactions.

Also, payroll records for each individual employee showing each paycheck, all deductions, net pay, and check number were not maintained manually or on the UAN system. The payroll records were maintained on a computer system at the Fiscal Officer's other employer. These records did not contain the individual information for each pay check because some checks were combined on the record, or the records showed more than one pay when only one check was issued. Failure to maintain proper payroll records on Village records resulted in inadequate records of public expenditures and could result in employees being improperly paid. The Fiscal Officer should maintain individual payroll records manually or on the UAN system. These records should show the date hired, pay rate set by Council with resolution number or date, and each pay check issued, including gross pay, each deduction, net check, check number, fund charged, and yearly totals.



## FINDING NUMBER 2007-009

### Noncompliance Citation/Material Weakness

**Ohio Rev. Code, Section 1905.21**, requires the Mayor's court magistrate to account for all fines, forfeitures, fees, and costs he collects and transfer them to the Mayor. The Mayor shall account for and dispose of all such fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees, and costs that are transferred to him by the mayor's court magistrate as provided in Section 733.40 of the Revised Code.

The Mayor's court clerk and the Mayor did not properly account for, or dispose of money's collected. The Mayor's court records were incomplete and we were unable to obtain sufficient evidence to support the completeness of Mayor's Court Other Non-Operating Receipts in the amount of \$10,477 (100%) reported in 2006.

Docket pages were not set up for all cases, duplicate receipts were not written for monies collected, all collections were not posted to the cash book or to the docket, and monthly bank reconciliations were not prepared. We obtained figures from the bank statement activity and mayor's monthly reports to use for the fiduciary fund financial statements. We were unable to determine if distributions were properly made by individual case, but used the mayor's court clerk's figures from the mayor's monthly statements to determine the amounts due to the State of Ohio. Mayor's court was not operated in 2007.

Failure to accurately record and maintain the Mayor's Court records could allow for misappropriation of assets or fraud to occur and not be detected in a timely manner.

If in the future the Village operates a Mayor's Court, adequate book keeping records and procedures must be implemented for Mayor's Court to strengthen controls and help avoid misappropriation of funds as follows:

- Pre-numbered duplicate receipts be written in numerical order for all money collected
- Docket page be completed in numerical order for each case
- Payments be posted to the docket, cashbook, and case file
- Monthly and year-to-date totals be drawn in the cashbook
- Distributions of payments be shown in the cashbook
- Distributions be made to the Village and State by the required dates each month
- Mayor's Monthly Statements be prepared and including from whom the money was received
- State Remittance Reports be prepared
- Monthly bank reconciliation be prepared and agreed with the cash book balance
- All records be maintained for review and audit

## FINDING NUMBER 2007-010

### Significant Deficiency

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds. Weaknesses notes in the internal control are as follows:

- The signature of the Fiscal Officer is the only signature required on checks.
- Four of 40 nonfederal expenditures, and 12 of the 33 federal expenditures tested in 2006 and 2007 did not have documentation for the expenditures attached to a voucher. We were able to find the documentation in other files, or obtain them from other sources.
- During 2007 Council members signed a “sign-off” sheet” that they had reviewed accounting records. None of the Council members signed off on the actual voucher documenting that they had reviewed the bill and approved it for payment.
- Purchase orders were not used in 2006 (see Finding 2007-007). In 2007, only one council member signed purchase orders. However, of the 23 purchase orders reviewed, two were not signed by any council member.
- Council made a monthly resolution to pay bills in the minute records, but minutes did not list the amounts being approved, the check numbers, or the vendor approved to receive the payment.
- Time sheets were not found to document the hours paid to the police chief for two pay periods or for the hours paid for the sewer clerks for several pay periods.
- Hours paid to the police chief were usually less than the hours documented on the time sheet. We were told that the Mayor had set a maximum limit on the Chief’s hours to be paid.
- A printout of the daily sewer receipts was not submitted to the Fiscal Officer with the bank deposit slip.
- A sewer account spread sheet showing amounts billed, payments received and outstanding balances was not submitted to Council for their review and approval.

Failure to design and implement sufficient controls over the expenditure of public funds increases that risk that loss or misappropriation of funds could occur and not be detected in a reasonable time period. Additionally the lack of review and approval by Council is a key control over the reporting of the Village’s activity and could potentially impact the financial statements.

To improve these controls, the Village Council should:

- Require at least two officials’ signatures on every check
- Require that the original bill be attached to the voucher before it is approved for payment
- Require at least two official’s signatures on every voucher, other than the Fiscal Officer, to document that the bill has been reviewed and approved for payment

**FINDING NUMBER 2007-010  
 (Continued)**

- Require that purchase orders be used for every expenditure and that the purchase order be signed by at least two officials and by the Fiscal Officer
- Require that minutes records include the check number, dollar amount, and vendor name of the bills being approved for payment. An alternative to listing each bill in the minutes, would be to list the total dollar amount being approved with beginning and ending check number. This information should agree with the UAN printout, and the printout should be signed by the Council members and included with the vouchers and bills.
- Require that time sheets be completed and signed by employees, and reviewed and signed by a supervisor, before a pay check is issued. Maximum hours to be paid should be set in the minute records. If payment is not being issued for some of the hours that the employee has entered on the time sheet, the supervisor should write an explanation on the time sheet.
- Require the sewer clerk to submit a printout of the daily sewer receipts to the Fiscal Officer with the deposit slip so she can review that the totals agree
- Require that the sewer clerk prepare and submit a sewer account status spread sheet to Council monthly showing the amount billed, payments received, and outstanding balances. Council should sign off on the sheet showing they performed the supervisory review.

<b>FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2007-011
<b>CFDA Title and Number</b>	14.228 Community Development Block Grant Program 10.760 Water and Waste Disposal Systems for Rural Communities
<b>Federal Award Number / Year</b>	C-W-05-307-1 2007
<b>Federal Agency</b>	14.228 - Community Planning and Development, US Department of Housing and Urban Development 10.760 - Rural Utilities Service, US Department of Agriculture
<b>Pass-Through Agency</b>	14.228 - Ohio Department of Development 10.760 – N/A

**Noncompliance Citation/Material Weakness**

OMB Circular A-133§\_300(a) requires recipients of Federal Awards to prepare a *Schedule of Expenditures of Federal Awards* and provide it to the auditor. The schedule should show the name of the program, the Catalog of Federal Domestic Assistance number, the Federal Agency, and the amount of federal expenditures by program. For Federal Awards received as a sub-recipient, the name of the pass through entity and the identifying number assigned by the pass-through entity shall be included.

The Village did not identify federal funds or prepare a federal schedule. The Village does not have a system in place to identify and monitor the federal award expenditures. We could not locate all grant related documents and records since the Village did not maintain all documents related to the grant and project. We were able to obtain records and supporting documentation from the United State Department of Agriculture, Rural Development (USDA/RD), the Ohio Valley Regional Development Commission (OVRDC), and the project engineers. An incomplete and inaccurate schedule could result in the loss of federal funds or jeopardize future federal funding. We recommend that the Village develop a system to identify federal award expenditures and monitor its agreements for federal programs periodically during the year to ensure that all federal funds are being properly reported on the schedule.

<b>Finding Number</b>	2007-012
<b>CFDA Title and Number</b>	14.228 Community Development Block Grant Program 10.760 Water and Waste Disposal Systems for Rural Communities
<b>Federal Award Number / Year</b>	C-W-05-307-1 2007
<b>Federal Agency</b>	14.228 - Community Planning and Development, US Department of Housing and Urban Development 10.760 - Rural Utilities Service, US Department of Agriculture
<b>Pass-Through Agency</b>	14.228 - Ohio Department of Development 10.760 – N/A

**Noncompliance Citation/Material Weakness**

OMB Circular A-133 § .300, states that an auditee shall: (b) maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs; (c) comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

The Village received funding through the United States Department of Agriculture, Rural Development (USDA/RD) for Mowrystown Sewer project. Section 3 (N) of the United States Department of Agriculture Rural Utilities Service Water Waste System Grant Agreement requires the Village to retain documents “which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.” They are also required to maintain accounting records that are supported by source documentation. The Village did not maintain accounting records to support these grant and loan transactions. We were able to obtain complete copies of loan and grant transactions from the USDA/RD representative. The grant and loan agreements also contain provisions that the Village must have “effective control over and accountability for all funds, property and other assets.” No evidence was found to determine that the Mowrystown Sewer project accounts were being reconciled and properly monitored by management at the Village level. All reviews and monitoring of the project were performed by personnel from the USDA/RD office.

The Village did not maintain complete records for the Mowrystown Sewer project and did not properly document any monitoring activities completed at the Village level for the federal funds expended. The Village relied on representatives from the USDA/RD to maintain supporting documentation for the project and to review and monitor all federal funds expended. We could not locate all grant related documents and records since the Village did not maintain all documents related to the grant and project. As a result, the Village did not identify federal funds or prepare a federal schedule, as noted in Finding 2007-011. We were able to obtain records and supporting documentation from the United States Department of Agriculture, Rural Development (USDA/RD), the Ohio Valley Regional Development Commission (OVRDC) and the project engineers. The Village also contracted with the OVRDC to administer the Community Development Block Grant Water and Sanitary Sewer Program. The Village's involvement in the compliance of the loan and grant requirements is key to ensure grant compliance; without their involvement, the Village could be in noncompliance with the terms of the loan or grant agreements or specific auditee responsibilities outlined above. Noncompliance with the terms of the agreements or auditee responsibilities could result in termination of federal funding for the sewer project.

We recommend that the Village establish and maintain their own internal control procedures over compliance to specific loan and grant requirements. To help ensure proper monitoring of all aspects of the sewer project, we recommend that the Village assign a project manager to oversee the project as a whole. The project manager would also be responsible for maintaining appropriate supporting documentation for the Mowrystown Sewer Project which would allow the Village to be in compliance with all the terms of the grant or loan agreements and federally mandated auditee responsibilities.

**We did not receive a response from officials to the findings above.**

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**VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Section 9.39, finding for recovery against Mayor and Mayor's Court Clerk	Yes	Finding was repaid during prior audit.
2005-002	Section 117.38, annual financial report not prepared or filed for 2004 and newspaper notice not published	No	Partially corrected. Reported in management letter.
2005-003	Ohio Admin. Code 117-2-02 inadequate accounting records	No	Not corrected for 2006 Corrected for 2007. Reported in Finding 2007-008
2005-004	Section 5705.41(D) prior certification not obtained for purchases	No	Not corrected. Reissued as Finding 2007-007
2005-005	Section 5705.41(B) Expenditures exceeded appropriations	No	Not corrected. Reissued as Finding 2007-006.
2005-006	Section 5705.10, negative balance in Police Levy Fund	No	Not corrected for 2006. Corrected for 2007. Reported as Finding 2007-003.
2005-007	Monthly bank reconciliations not prepared	Yes	
2005-008	Mayor's Court records inadequate	No	Not corrected. Reissued as Finding 2007-009







**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF MOWRYSTOWN**

**HIGHLAND COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 14, 2009**