



***VILLAGE OF MOWRYSTOWN  
HIGHLAND COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2013 and 2012**

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Mowrystown, Highland County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 11, 2014

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**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**

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For the Years Ended December 31, 2013 and 2012

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## Independent Auditor's Report

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Mowrystown, Highland County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy 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.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Mowrystown, Highland County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2014 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

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

June 25, 2014

**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, 2013**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Local Taxes	\$12,862	\$24,902	\$37,764
Intergovernmental	20,855	19,220	40,075
Fines, Licenses, and Permits	2,768	130	2,898
Earnings on Investments	7	0	7
Miscellaneous	12,511	0	12,511
Total Cash Receipts	<u>49,003</u>	<u>44,252</u>	<u>93,255</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	29,946	100	30,046
Security of Persons and Property	0	19,433	19,433
Leisure Time Activities	5,195	0	5,195
Basic Utility Services	21,374	0	21,374
Transportation	0	19,945	19,945
Total Cash Disbursements	<u>56,515</u>	<u>39,478</u>	<u>95,993</u>
Cash Receipts Over/(Under) Cash Disbursements	(7,512)	4,774	(2,738)
Fund Cash Balances, January 1	<u>8,414</u>	<u>108,988</u>	<u>117,402</u>
Restricted	0	112,621	112,621
Committed	0	1,141	1,141
Unassigned	902	0	902
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$902</u></u></b>	<b><u><u>\$113,762</u></u></b>	<b><u><u>\$114,664</u></u></b>

See accompanying notes to the financial statements.



**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$136,247	\$0	\$136,247
Total Operating Cash Receipts	136,247	0	136,247
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	8,930	0	8,930
Employee Fringe Benefits	1,661	0	1,661
Contractual Services	11,891	0	11,891
Supplies and Materials	3,862	0	3,862
Other	78,423	0	78,423
Total Operating Cash Disbursements	104,767	0	104,767
Operating Income (Loss)	31,480	0	31,480
<b><u>Non-Operating Cash Receipts:</u></b>			
Other Non-Operating Cash Receipts	0	3,228	3,228
Total Non-Operating Cash Receipts	0	3,228	3,228
<b><u>Non-Operating Cash Disbursements:</u></b>			
Redemption of Principal	(29,659)	0	(29,659)
Interest and Other Fiscal Charges	(32,466)	0	(32,466)
Other Non-Operating Cash Disbursements	0	(2,906)	(2,906)
Total Non-Operating Cash Disbursements	(62,125)	(2,906)	(65,031)
Net Receipts Over/Under Disbursements	(30,645)	322	(30,323)
Fund Cash Balances, January 1	132,042	783	132,825
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$101,397</u></u></b>	<b><u><u>\$1,105</u></u></b>	<b><u><u>\$102,502</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2012**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Local Taxes	\$13,660	\$26,114	\$39,774
Intergovernmental	24,299	19,009	43,308
Fines, Licenses, and Permits	6,314	295	6,609
Miscellaneous	6,215	7,520	13,735
<b>Total Cash Receipts</b>	<b>50,488</b>	<b>52,938</b>	<b>103,426</b>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	37,692	297	37,989
Security of Persons and Property	0	33,780	33,780
Basic Utility Services	19,705	0	19,705
Transportation	0	14,194	14,194
<b>Total Cash Disbursements</b>	<b>57,397</b>	<b>48,271</b>	<b>105,668</b>
Cash Receipts Over/(Under) Cash Disbursements	(6,909)	4,667	(2,242)
<b><u>Other Financing Sources(Uses):</u></b>			
Advances In	5,000	5,000	10,000
Advances Out	(5,000)	(5,000)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Sources Over(Under) Cash Disbursements and Other Financing Uses	(6,909)	4,667	(2,242)
<b>Fund Cash Balances, January 1</b>	<b>15,323</b>	<b>104,321</b>	<b>119,644</b>
Restricted	0	107,877	107,877
Committed	0	1,111	1,111
Unassigned	8,414	0	8,414
<b>Fund Cash Balances, December 31</b>	<b>\$8,414</b>	<b>\$108,988</b>	<b>\$117,402</b>

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2012**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$152,617	\$0	\$152,617
Total Operating Cash Receipts	152,617	0	152,617
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	9,668	0	9,668
Employee Fringe Benefits	1,463	0	1,463
Contractual Services	12,451	0	12,451
Supplies and Materials	14,266	0	14,266
Other	73,901	0	73,901
Total Operating Cash Disbursements	111,749	0	111,749
Operating Income (Loss)	40,868	0	40,868
<b><u>Non-Operating Cash Receipts:</u></b>			
Other Non-Operating Cash Receipts	0	8,691	8,691
Total Non-Operating Cash Receipts	0	8,691	8,691
<b><u>Non-Operating Cash Disbursements:</u></b>			
Redemption of Principal	(29,207)	0	(29,207)
Interest and Other Fiscal Charges	(32,918)	0	(32,918)
Other Non-Operating Cash Disbursements	0	(8,386)	(8,386)
Total Non-Operating Cash Disbursements	(62,125)	(8,386)	(70,511)
Net Receipts Over/Under Disbursements	(21,257)	305	(20,952)
Fund Cash Balances, January 1	153,299	478	153,777
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$132,042</u></u></b>	<b><u><u>\$783</u></u></b>	<b><u><u>\$132,825</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 1 – Reporting Entity**

The Village of Mowrystown, Highland County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council and a publicly elected Mayor.

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

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

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

**Basis of Accounting**

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

**Fund Accounting**

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

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

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

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

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

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

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

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

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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

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

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

Budgetary Process

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

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

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

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

A summary of 2013 and 2012 budgetary activity appears in Note 5.

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 3 – Cash and Investments**

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

	December 31, 2013	December 31, 2012
Demand Deposits	\$217,166	\$250,227
Total	\$217,166	\$250,227

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

**Note 4 – Budgetary Basis of Accounting**

The Village's budgetary activity for the years ending December 31, 2013 and December 31, 2012 was as follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Receipts		
	Budgeted	Actual	Variance
General	\$43,788	\$49,003	\$5,215
Special Revenue	43,333	44,252	919
Enterprise	149,000	136,247	(12,753)
<i>Total</i>	\$236,121	\$229,502	\$(6,619)

2013 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$59,277	\$56,515	\$2,762
Special Revenue	152,321	39,688	112,633
Enterprise	253,148	167,729	85,419
<i>Total</i>	\$464,746	\$263,932	\$200,814

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 4 – Budgetary Basis of Accounting** - (Continued)

2012 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$51,900	\$50,488	(\$1,412)
Special Revenue	50,770	52,938	2,168
Enterprise	158,162	152,617	(5,545)
<i>Total</i>	\$260,832	\$256,043	(\$4,789)

2012 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$67,044	\$57,397	\$9,647
Special Revenue	152,553	48,271	104,282
Enterprise	307,355	173,874	133,481
<i>Total</i>	\$526,952	\$279,542	\$247,410

**Note 5- Property Taxes**

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

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 6- Long-Term Obligations**

A schedule of changes in long-term obligations of the Village during 2013 follows:

Description of Issue	Interest Rate	Principal Balance 12-31-12	Issued in 2013	Retired In 2013	Principal Balance 12-31-13
Wastewater System Mortgage Revenue Bonds	4.13%	\$720,269	\$0	\$9,044	\$711,225
Ohio Water Development Authority Loan	1.00%	277,871	0	9,408	268,463
Ohio Public Works Commission Loan	0%	190,524	0	11,207	179,317
		<u>\$1,188,664</u>	<u>\$0</u>	<u>\$29,659</u>	<u>\$1,159,005</u>

A schedule of changes in long-term obligations of the Village during 2012 follows:

Description of Issue	Interest Rate	Principal Balance 12-31-11	Issued in 2012	Retired In 2012	Principal Balance 12-31-12
Wastewater System Mortgage Revenue Bonds	4.13%	\$728,954	\$0	\$8,685	\$720,269
Ohio Water Development Authority Loan	1.00%	287,186	0	9,315	277,871
Ohio Public Works Commission Loan	0%	201,731	0	11,207	190,524
		<u>\$1,217,871</u>	<u>\$0</u>	<u>\$29,207</u>	<u>\$1,188,664</u>

The wastewater system mortgage revenue bonds were issued June 13, 2008 in the total amount of \$753,000 to pay an Ohio Water Development Authority Loan used to finance the installation of a wastewater collection system in the Village. The revenue of the Village's sewer utility has been pledged to repay the debt. As required by the bond covenant, the Village has established and funded the Sewer Reserve Fund. As of December 31, 2013 the Sewer Reserve Fund balance was \$43,580.

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

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



**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 6- Long-Term Obligations** – (Continued)

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

Year Ending December 31:	Mortgage Revenue Bonds	OWDA Loan	OPWC Loan
2014	\$38,754	\$12,164	\$11,207
2015	38,756	12,163	11,207
2016	38,832	12,164	11,207
2017	38,755	12,163	11,207
2018	38,754	12,164	11,207
2019 – 2023	193,847	60,817	56,037
2024 – 2028	193,901	60,817	56,037
2029 – 2033	193,827	60,817	11,208
2034 – 2038	193,818	60,817	0
2039 – 2043	193,806	0	0
2044 – 2048	193,798	0	0
Total	<u>\$1,356,848</u>	<u>\$304,086</u>	<u>\$179,317</u>

**Note 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. York Risk Pooling Services, Inc. (YORK), functions as the administrator of PEP and provides underwriting, claims loss control, risk management, and reinsurance services for PEP. PEP is a member of American Public Entity Excess Pool (APEEP), which is also administered by YORK. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 casualty claims and \$100,000 for property claims.

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 PEP member.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 7 – Risk Management** – (Continued)

**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, 2012 and 2011 (the latest information available):

	<b>2013</b>	<b>2012</b>
Assets	\$34,411,883	\$34,389,569
Liabilities	(12,760,194)	(14,208,353)
Retained earnings	\$21,651,689	\$20,181,216

The Pool’s membership increased from 466 members in 2012 to 475 members in 2013.

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.

<b>Contribution to PEP</b>	
2013	\$6,940
2012	\$6,908
2011	\$6,757

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.

**Note 8 – Retirement Systems**

The Village’s elected officials contribute to Social Security. Contribution rates for 2013 and 2012 were 6.2% for employee and employer.

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans benefits, which include postretirement healthcare and survivor and disability benefits. Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, the OPERS member contributed 10% of gross salary and the Village contributed an amount equaling 14% of the participant’s gross salary. The Village has paid all contributions required through December 31, 2013.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 9 – Fund Cash Balances**

As of December 31, 2013, fund balances are composed of the following:

	General	Special Revenue	Total Governmental Funds
<i>Restricted:</i>			
Road, Maintenance and Improvements	\$0	\$16,686	\$16,686
Police Operations	0	95,935	95,935
<i>Committed:</i>			
Court Supplies/Computer	0	1,141	1,141
<i>Unassigned</i>	902	0	902
<b>Total</b>	\$902	\$113,762	\$114,664

As of December 31, 2012, fund balances are composed of the following:

	General	Special Revenue	Total Governmental Funds
<i>Restricted:</i>			
Road, Maintenance and Improvements	\$0	\$12,255	\$12,255
Police Operations	0	95,622	95,622
<i>Committed:</i>			
Court Supplies/Computer	0	1,111	1,111
<i>Unassigned</i>	8,414	0	8,414
<b>Total</b>	\$8,414	\$108,988	\$117,402

**Note 10 – Compliance**

The fiscal officer failed to accurately maintain the Village’s financial records as required by Ohio Rev. Code Section 733.28.

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

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

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**Note 11 – Prior Period Adjustment**

In 2012, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	General Fund	Special Revenue Funds
Fund Cash Balance at December 31, 2011	\$15,213	\$104,225
Overstatement of Cash and Cash Equivalents	110	96
Adjusted Fund Cash Balance at December 31, 2011	\$15,323	\$104,321

**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 Mowrystown  
Highland County  
50 Maple Street  
Mowrystown, OH 45155

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Mowrystown, Highland County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 25, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

**Internal Control over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material misstatement, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

Village Council  
Village of Mowrystown, Highland County  
Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-002.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

June 25, 2014

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2013 and 2012**

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

*Finding Number 2013-001*

**Financial Record Keeping - Material Weakness**

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

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

Item	Amount	Fund Type	Proper Classification	Reported As
2013				
Debt Payments	29,711	Enterprise	Interest	Principal
Debt Payments	20,616	Enterprise	Principal	Operating Disbursements - Other
Debt Payments	2,755	Enterprise	Interest	Operating Disbursements – Supplies & Materials
2012				
Debt Payments	1,436	Enterprise	Interest	Principal
Debt Payments	8,685	Enterprise	Principal	Operating Disbursements - Other
Debt Payments	30,069	Enterprise	Interest	Operating Disbursements - Other

The Village corrected the accompanying financial statements.

Additionally, the Village classified the Sewer Debt Fund as a Debt Service Fund type and the Sewer Construction Fund as a Capital Project Fund on the 2013 and 2012 annual financial reports. These funds are reclassified as Enterprise Fund Types on the accompanying financial statements.

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

**Officials' Response**

We did not receive a response from officials for the finding above.

**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2013 and 2012**

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

*Finding Number 2013-002*

**Amended Appropriations - 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 Counsel did not make this resolution or submit it to the County Auditor during 2012 or 2013 as required. 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.

**Official's Response**

We did not receive a response from officials for the finding above.



**VILLAGE OF MOWRYSTOWN, HIGHLAND COUNTY**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2013 and 2012**

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
	<i>Government Auditing Standards:</i>		
2011-001	Section 733.28, transactions not posted to the proper accounts and not reported in the proper classifications	Not Corrected	Not Corrected – Repeated as finding # 2013-01
2011-002	Section 5705.34, resolution not made to authorize tax levies	Not Corrected	Not Corrected – Repeated as finding # 2013-02

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# Dave Yost • 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  
AUGUST 21, 2014**