



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



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Columbus, Ohio 43215
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Village Council
Village of Lowell
PO Box 337
Lowell, OH 45744

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

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

Keith Faber
Auditor of State
Columbus, Ohio

May 15, 2025

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**VILLAGE OF LOWELL
WASHINGTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Lowell
Washington County
PO Box 337
Lowell, Ohio 45744

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the **Village of Lowell**, Washington County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

January 29, 2025

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 39,102	\$ 1,575	\$ 40,677
Intergovernmental	44,851	38,507	83,358
Fines, Licenses and Permits	255	-	255
Earnings on Investments	155	14	169
Miscellaneous	7,921	198	8,119
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	92,284	40,294	132,578
	<hr/>	<hr/>	<hr/>
Cash Disbursements			
Current:			
Security of Persons and Property	28,547	-	28,547
Public Health Services	3,496	-	3,496
Leisure Time Activities	7,225	-	7,225
Basic Utility Services	-	2,750	2,750
Transportation	-	8,498	8,498
General Government	49,624	36,000	85,624
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	88,892	47,248	136,140
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	3,392	(6,954)	(3,562)
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	32,136	222,336	254,472
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 35,528</u>	<u>\$ 215,382</u>	<u>\$ 250,910</u>

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

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 346,938</u>
<i>Total Operating Cash Receipts</i>	<u>346,938</u>
Operating Cash Disbursements	
Personal Services	119,612
Employee Fringe Benefits	13,594
Contractual Services	152,878
Supplies and Materials	73,781
Other	<u>124</u>
<i>Total Operating Cash Disbursements</i>	<u>359,989</u>
<i>Operating Income (Loss)</i>	<u>(13,051)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	842,634
Loans Issued	689,546
Miscellaneous Receipts	13,042
Capital Outlay	(803,927)
Principal Retirement	(822,482)
Interest and Other Fiscal Charges	<u>(7,258)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(88,445)</u>
<i>Net Change in Fund Cash Balances</i>	(101,496)
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	<u>655,965</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 554,469</u></u>

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Lowell (the Village), Washington County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Water Fund The fund receives charges for services from residents to cover water service costs.

Sewer Fund The fund receives charges for services from residents to cover sewer service costs.

Swimming Pool Fund This fund receives charges for services from patrons to cover operation costs of the Village swimming pool.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$2,532, State and Local Fiscal Recovery Fund by \$38,750, Water Operating Fund by \$1,801,632, Sewer Operating Fund by \$123,033, Swimming Pool Fund by \$31,957, and Advanced Water Deposits Fund by \$125 for the year ended December 31, 2023. Also contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$51,836 for the year ended December 31, 2023.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,287	\$ 92,284	\$ 90,997
Special Revenue	145	40,294	40,149
Enterprise	47,610	1,892,160	1,844,550
Total	<u>\$ 49,042</u>	<u>\$ 2,024,738</u>	<u>\$ 1,975,696</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,364	\$ 88,896	\$ (2,532)
Special Revenue	16,523	47,249	(30,726)
Enterprise	57,041	2,013,788	(1,956,747)
Total	<u>\$ 159,928</u>	<u>\$ 2,149,933</u>	<u>\$ (1,990,005)</u>

Note 5 – Deposits

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

	2023
Demand deposits	<u>\$ 805,379</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$2,591 in unremitted employee payroll withholdings.

Deposits

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Taxes

Property Taxes

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

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

Note 7 – Risk Management

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

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

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

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

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

	Principal	Interest Rate
Ohio Water Development Authority Loan #8088	\$ 213,403	3.40%
Ohio Water Development Authority Loan #8217	764	0.00%
Ohio Water Development Authority Loan #10296	10,355	0.00%
Ohio Water Development Authority Loan #10487	440	0.00%
Total	<u>\$ 224,962</u>	

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (Continued)

In 2018, the Village entered into a loan agreement with the OWDA for Loan #8088 – Wastewater Treatment Plant Replacement and Collection Upgrades Design at an interest rate of 3.4%. The loan will be repaid in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

In 2018, the Village entered into a loan agreement with the OWDA for Loan #8217 – Asset Management Plan at an interest rate of 0%. The loan includes a portion to be repaid with principal forgiveness by OWDA, of which \$10,000 had been forgiven as of December 31, 2019. The Village will repay the remainder of the loan in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2023, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for Loan #10296 – Water Treatment Plant Installation at an interest rate of 0%. The loan will be repaid in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

In 2023, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for Loan #10487 – Water Tank and Water Main Replacement at an interest rate of 0%. The loan will be repaid in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

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

Year Ending	
December 31:	OWDA #8217
2024	\$ 764
Total	<u>\$ 764</u>

In 2023, the Village received forgiveness of Loan #8567, Loan #9171, and Loan #10296 from the Ohio Water Development Authority. The total amounts forgiveness were \$25,074, \$108,567, and \$671,493, respectively. These amounts have been recognized as intergovernmental receipts in the financial statements for the year ended December 31, 2023.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 4	\$ 1	\$ 5
<i>Total</i>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 5</u>

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

Note 13 – Restatement of Beginning Fund Balances

Beginning fund balance at January 1, 2023 was restated for the General, Special Revenue, and Enterprise fund types due to voided checks from prior years.

	General	Special Revenue	Combined Total
Ending Fund Balance December 31, 2022	\$ 32,109	\$ 222,332	\$ 254,441
Prior Year Voided Checks	27	4	31
Beginning Fund Balance, January 1, 2023, Restated	<u>\$ 32,136</u>	<u>\$ 222,336</u>	<u>\$ 254,472</u>

	Enterprise
Ending Fund Balance December 31, 2022	\$ 655,281
Prior Year Voided Checks	684
Beginning Fund Balance, January 1, 2023, Restated	<u>\$ 655,965</u>

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

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

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 32,202	\$ 1,522	\$ 33,724
Intergovernmental	38,109	65,659	103,768
Fines, Licenses and Permits	396	-	396
Earnings on Investments	152	14	166
Miscellaneous	16,238	4,665	20,903
<i>Total Cash Receipts</i>	<u>87,097</u>	<u>71,860</u>	<u>158,957</u>
Cash Disbursements			
Current:			
Security of Persons and Property	42,129	3,600	45,729
Public Health Services	1,764	-	1,764
Leisure Time Activities	3,705	-	3,705
Transportation	-	13,155	13,155
General Government	62,495	1,200	63,695
<i>Total Cash Disbursements</i>	<u>110,093</u>	<u>17,955</u>	<u>128,048</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,996)</u>	<u>53,905</u>	<u>30,909</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(9,588)	-	(9,588)
Other Financing Sources	8,898	-	8,898
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(690)</u>	<u>-</u>	<u>(690)</u>
<i>Net Change in Fund Cash Balances</i>	(23,686)	53,905	30,219
<i>Fund Cash Balances, January 1</i>	<u>55,795</u>	<u>168,427</u>	<u>224,222</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 32,109</u></u>	<u><u>\$ 222,332</u></u>	<u><u>\$ 254,441</u></u>

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

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

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

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 333,821</u>
<i>Total Operating Cash Receipts</i>	<u>333,821</u>
Operating Cash Disbursements	
Personal Services	104,007
Employee Fringe Benefits	11,812
Contractual Services	124,455
Supplies and Materials	63,364
Other	<u>353</u>
<i>Total Operating Cash Disbursements</i>	<u>303,991</u>
<i>Operating Income (Loss)</i>	<u>29,830</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	200,000
Loans Issued	9,303
Miscellaneous Receipts	4,734
Capital Outlay	(55,000)
Principal Retirement	(18,084)
Interest and Other Fiscal Charges	<u>(9,303)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>131,650</u>
<i>Income (Loss) before Transfers</i>	161,480
Transfers In	<u>9,588</u>
<i>Net Change in Fund Cash Balances</i>	171,068
<i>Fund Cash Balances, January 1 (Restated - See Note 14)</i>	<u>484,213</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 655,281</u></u>

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Lowell (the Village), Washington County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc.. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Water Fund The fund receives charges for services from residents to cover water service costs.

Sewer Fund The fund receives charges for services from residents to cover sewer service costs.

Swimming Pool Fund This fund receives charges for services from patrons to cover operation costs of the Village swimming pool.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$119,752, Street Construction Maintenance and Repair Fund by \$11,537, State and Local Fiscal Recovery Fund by \$4,800, Water Operating Fund by \$221,778, Sewer Operating Fund by \$77,553, Swimming Pool Fund by \$20,969, and Advanced Water Deposits Fund by \$353 for the year ended December 31, 2022.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 9,500	\$ 95,995	\$ 86,495
Special Revenue	28,033	71,860	43,827
Enterprise	200,000	557,446	357,446
Total	<u>\$ 237,533</u>	<u>\$ 725,301</u>	<u>\$ 487,768</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,882	\$ 122,634	\$ (119,752)
Special Revenue	3,182	19,322	(16,140)
Enterprise	122,766	443,419	(320,653)
Total	<u>\$ 128,830</u>	<u>\$ 585,375</u>	<u>\$ (456,545)</u>

Note 5 – Deposits

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

	2022
Demand deposits	<u>\$ 909,722</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$4,335 in unremitted employee payroll withholdings.

Deposits

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Taxes

Property Taxes

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

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

Note 7 – Risk Management

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

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

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

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

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

Note 9 – Postemployment Benefits

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

Note 10 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #8088	\$ 218,764	3.40%
Ohio Water Development Authority Loan #8217	2,291	0.00%
Ohio Water Development Authority Loan #8567	25,551	2.91%
Ohio Water Development Authority Loan #9171	111,292	3.03%
Total	<u>\$ 357,898</u>	

In 2018, the Village entered into a loan agreement with the OWDA for Loan #8088 – Wastewater Treatment Plant Replacement and Collection Upgrades Design at an interest rate of 3.4%. The loan will be repaid in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

In 2018, the Village entered into a loan agreement with the OWDA for Loan #8217 – Asset Management Plan at an interest rate of 0%. The loan includes a portion to be repaid with principal forgiveness by OWDA, of which \$10,000 had been forgiven as of December 31, 2019. The Village will repay the remainder of the loan in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2019, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for Loan #8567 – Water Treatment Plant at an interest rate of 2.91%. The loan will be repaid in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

In 2021, the Village entered into a loan agreement with the OWDA for Loan #9171 – Wastewater Treatment Plant Replacement at an interest rate of 1.78%. As of December 31, 2021, \$112,798 has been disbursed to the Village. Beginning in 2022, The Village will begin repaying the loan in semiannual installments over five years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Due to the loan not being fully disbursed, there is no amortization schedule available.

Amortization

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

Year Ending December 31:	OWDA #8217
2023	\$ 1,527
2024	764
Total	<u>\$ 2,291</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 2,953	\$ 1,367	\$ 4,320
<i>Total</i>	<u>\$ 2,953</u>	<u>\$ 1,367</u>	<u>\$ 4,320</u>

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Village of Lowell
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Restatement of Beginning Fund Balances

Beginning fund balance at January 1, 2022 was restated for the Enterprise fund type due to unrecorded credit card receipts from prior years.

	<u>Enterprise</u>
Ending Fund Balance December 31, 2021	\$ 481,521
Prior Year Unrecorded Credit Card Receipts	<u>2,692</u>
Beginning Fund Balance, January 1, 2022, Restated	<u><u>\$ 484,213</u></u>



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

Village of Lowell
Washington County
PO Box 337
Lowell, Ohio 45744

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Village of Lowell, Washington County, (the Village) and have issued our report thereon dated January 29, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-002 and 2023-003.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

January 29, 2025

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- An adjustment was made to correct for prior year unrecorded credit card receipts, which resulted in a restatement of beginning fund balances in the Water Operating Fund and Sewer Operating Fund in 2022;
- A one-sided fund balance adjustment was mistakenly entered resulting in an overstatement of fund balance in the General Fund in 2022;
- A duplicate receipt was posted which overstated Intergovernmental in the General Fund in 2022;
- ARPA reimbursements for 2023 expenditures were recorded as Miscellaneous receipts rather than as a reduction of General Government expenditures in 2023. Also, ARPA expenditures were recorded to the General Fund rather than the State and Local Fiscal Recovery Fund in 2022;
- Permissive Motor Vehicle License Tax receipts were posted to the Street Construction, Maintenance and Repair Fund and the State Highway Fund as Intergovernmental instead of the Permissive Motor Vehicle License Tax Fund as Property and Other Local Taxes in 2023 and 2022;
- Amounts received from the Washington County Department of Job and Family Services were mistakenly posted to Other Financing Sources rather than Intergovernmental in the General Fund in 2023;
- Certain OPERS payments were not accurately entered into the accounting system, resulting in an understatement of General Government expenditures in the General Fund in 2023;
- One credit card receipt batch was mistakenly not entered into the accounting system resulting in an understatement of Charges for Services in the Water Operating Fund and Sewer Operating Fund in 2023. Also, one receipt from Englefield Oil was mistakenly not entered into the accounting system resulting in an understatement of Charges for Services in the Water Operating Fund and Sewer Operating Fund in 2022;
- One credit card receipt batch was mistakenly posted to Capital Contributions rather than Charges for Services in the Sewer Operating Fund in 2023;
- Grants received from the State of Ohio were classified as Miscellaneous instead of Intergovernmental receipts in the Water Operating Fund in 2023 and 2022;
- Expenditures for engineering services were mistakenly classified as Supplies and Materials and Other rather than Contractual Services in the Water Operating Fund in 2023 and 2022. Also, expenditures for construction were mistakenly classified as Supplies and Materials and Other rather than Capital Outlay in the Water Operating Fund and Sewer Operating Fund in 2023 and 2022.
- Loan payments for OWDA #8217 were classified as Contractual Services and Supplies and Materials instead of Principal Retirement in the Water Operating Fund in 2023 and were classified as Contractual Services instead of Principal Retirement in the Water Operating Fund and Sewer Operating Fund in 2022;
- Loan payments for OWDA #8088 were classified as Contractual Services and Supplies and Materials instead of Principal Retirement in the Water Operating Fund in 2023 and in the Sewer Operating Fund in 2022;
- Loan payments for OWDA #8567 were classified as Supplies and Materials and Contractual Services instead of Principal Retirement in the Water Operating Fund in 2023 and 2022;
- Loan payments for OWDA #9171 were classified as Supplies and Materials and Contractual Services instead of Principal Retirement in the Water Operating Fund in 2023 and 2022.

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

- Capitalized Interest and Capitalized Interest Credits for OWDA #8088, OWDA #8567, and OWDA #9171 were not properly recorded in 2023 and 2022;
- A portion of debt proceeds for disbursements on OWDA #10296 and OWDA #10487 were not recorded as Capital Outlay expenditures and as Loans Issued in 2023; and
- Principal forgiveness on OWDA #8567, OWDA #9171, and OWDA #10296 was not properly recorded, resulting in an understatement of both Intergovernmental receipts and Principal Retirement in the Water Operating Fund in 2023.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village has posted the adjustments to its accounting system. We also updated the notes to the financial statements for omitted information and to agree to financial statement amounts.

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2023 and 2022 and were not posted to the financial statements or ledgers:

- For the two tax settlement receipts in 2023, the Village posted a portion of the receipts as Property and Other Local Taxes instead of Special Assessments;
- Tax settlement receipts were posted at net instead of gross in the General Fund in 2023 and 2022; and
- A receipt was entered that was intended to void a duplicate payment recorded in the accounting system, resulting in an overstatement of Miscellaneous receipts and Security of Persons and Property disbursements in the General Fund in 2022.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – There were several items listed that involved posting to incorrect line items. Now that the fiscal officer is aware of the correct lines, every attempt will be made to post correctly. The OWDA loans' transactions have been reviewed and future transactions will be classified accordingly. The proper accounts staff was unaware of and prior staff did not indicate them in any training. We have already activated receipt accounts and used them since brought to our attention. Receipts will be looked at more closely to reduce posting errors. The fiscal officer reviews items in the UAN handbook and the fiscal officer will utilize the Ohio Village Handbook and the auditor resources to obtain guidance and become more familiar with the processes. Since the fiscal office is only a part-time area, often, seeking additional training goes to the wayside. A point will be made to locate and attend training in the future.

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-002

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without 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 taxing authority.
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 entity 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 30% of the expenditures tested for 2023 and for 18% of the expenditures tested for 2022.

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

VILLAGE OF LOWELL
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-002 (Continued)

Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – The fiscal officer will properly review the availability of funds prior to purchase commitment and certify they are or will be available prior to an obligation being incurred. If prior certification is not possible, the appropriate "then and now" certification will be used.

FINDING NUMBER 2023-003

Noncompliance

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. **Ohio Rev. Code Section 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom. **Ohio Rev. Code Section 5705.41(B)** provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

The Village could not provide documentation supporting the passing of an appropriation resolution for 2022, nor the filing of said appropriations with the County Auditor. For 2023, an appropriations resolution was filed, but was never amended. This resulted in total expenditures exceeding appropriation authority in the General Fund by \$2,532, State and Local Fiscal Recovery Fund by \$38,750, Water Operating Fund by \$1,801,632, Sewer Operating Fund by \$123,033, Swimming Pool Fund by \$31,957, and Advanced Water Deposits Fund by \$125 for 2023. For 2022, this resulted in total expenditures exceeding appropriation authority in the General Fund by \$119,752, Street Construction Maintenance and Repair Fund by \$11,537, State and Local Fiscal Recovery Fund by \$4,800, Water Operating Fund by \$221,778, Sewer Operating Fund by \$77,553, Swimming Pool Fund by \$20,969, and Advanced Water Deposits Fund by \$353. The Village also did not properly amend their estimated resources, resulting in appropriations exceeding estimated resources in the General Fund by \$51,836 for the year ended December 31, 2023. In addition, the Village did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Village Council, were properly approved by the County Budget Commission. The Village also did not have a control procedure in place to ensure appropriations and estimated receipts were reconciled to the appropriations and estimated receipts posted to the accounting system.

The failure to properly approve Village appropriations and subsequent amendments could result in deficit fund balances or monies being spent on purposes other than those intended by the Council. The Fiscal Officer and Council should monitor appropriations versus estimated resources to help avoid overspending. Failure to reconcile to system amounts resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

VILLAGE OF LOWELL
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2023-003 (Continued)

Noncompliance (Continued)

We recommend Officials review the requirements of ORC section 5705 to be familiar with these laws and ensure the Village is complying with applicable sections. We further recommend the adoption of budgetary measures, and any subsequent amendments, be documented in the minutes and filed with the County Budget Commission.

Officials' Response – ORC Section 5705 will be reviewed and steps taken to ensure the resolutions for appropriations are filed with the County Auditor. The Village resources will also be amended properly. These will be documented in the council minutes. The council and fiscal officer will monitor appropriations versus estimated resources to help avoid overspending.

**VILLAGE OF LOWELL
WASHINGTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Supporting Documentation	Corrected	N/A
2021-003	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2023-002
2021-004	Ohio Revised Code Sections 5705.38(A) & 5705.41(B)	Not Corrected	Repeated as Finding 2023-003

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LOWELL

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/27/2025

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

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