



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Highland
Highland County
12131 Lexington Avenue
Highland, Ohio 45132

To the Council:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of the Village of Highland, Highland 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, 2024 and 2023, 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 fund type as of and for the years ended December 31, 2024 and 2023, 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.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes of the Village of Highland, Highland County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

Basis for Additional Opinion Qualification

The Village did not maintain adequate system reports for the billing and collection of Village sewer charges for services receipts. Sewer charges for service receipts are reported at \$54,323 for the year ended December 31, 2024 and \$51,976 for the year ended December 31, 2023, which are 82 percent and 77 percent of total Proprietary Fund Type operating and non-operating receipts respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 the 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 *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 December 17, 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 17, 2025

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**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,075	\$2,126	\$9,201
Intergovernmental	21,156	19,643	40,799
Earnings on Investments	31	0	31
Miscellaneous	1,377	0	1,377
<i>Total Cash Receipts</i>	<u>29,639</u>	<u>21,769</u>	<u>51,408</u>
Cash Disbursements			
Current:			
Security of Persons and Property	8,375	5,500	13,875
Public Health Services	0	8,495	8,495
Leisure Time Activities	10,653	0	10,653
Transportation	0	15,341	15,341
General Government	17,211	1,337	18,548
<i>Total Cash Disbursements</i>	<u>36,239</u>	<u>30,673</u>	<u>66,912</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,600)</u>	<u>(8,904)</u>	<u>(15,504)</u>
<i>Fund Cash Balances, January 1</i>	<u>55,631</u>	<u>44,104</u>	<u>99,735</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$49,031</u></u>	<u><u>\$35,200</u></u>	<u><u>\$84,231</u></u>

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

**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$54,323</u>
<i>Total Operating Cash Receipts</i>	<u>54,323</u>
Operating Cash Disbursements	
Personal Services	6,813
Employee Fringe Benefits	1,019
Contractual Services	45,688
Supplies and Materials	<u>578</u>
<i>Total Operating Cash Disbursements</i>	<u>54,098</u>
<i>Operating Income (Loss)</i>	<u>225</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	12,112
Principal Retirement	(14,023)
Interest and Other Fiscal Charges	<u>(2,386)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(4,297)</u>
<i>Income (Loss) before Transfers</i>	<u>(4,072)</u>
Transfers In	16,409
Transfers Out	<u>(16,409)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,072)</u>
<i>Fund Cash Balances, January 1</i>	<u>67,919</u>
<i>Fund Cash Balances, December 31</i>	<u>\$63,847</u>

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The Village of Highland (the Village), Highland 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 general governmental services, sewer utilities, and park operations. The Village has a police chief on staff that works one day a week, and police services. The Village contracts with the Highland County Sheriff's department to provide security of persons and property.

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

Coronavirus Relief The corona virus relief fund accounts for and reports receipts and disbursements relating to COVID-19 funding.

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

Sewer Operating Fund The sewer operating fund accounts for and reports the receipts of charges for services from residents to cover the cost of providing this utility.

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

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:

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

Fund Type	2024 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$29,465	\$29,639	\$174
Special Revenue	17,825	21,769	3,944
Enterprise	111,409	82,844	(28,565)
Total	<u>\$158,699</u>	<u>\$134,252</u>	<u>(\$24,447)</u>

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,180	\$36,239	\$15,941
Special Revenue	42,272	30,673	11,599
Enterprise	108,003	86,916	21,087
Total	<u><u>\$202,455</u></u>	<u><u>\$153,828</u></u>	<u><u>\$48,627</u></u>

Note 4 – Deposits

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

	<u>2024</u>
Demand deposits	<u><u>\$148,078</u></u>
Total Deposits	<u><u>\$148,078</u></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 does not have any 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.

Note 5 – Taxes

Property Taxes

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

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

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded insurance coverage in any of the past 3 years. Coverage limits have not changed significantly since last year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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

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

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

Note 8 – Postemployment Benefits

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, 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 2024, 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 9 – Debt

Debt outstanding at December 31, 2024, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	<u>\$228,038</u>	1%
Total	<u><u>\$228,038</u></u>	

In 2009, the Village obtained the OWDA New Wastewater Collection System loan to partially pay off the OWDA Sewer Collection System loan. The loan was originally obtained for \$424,384. The interest rate for the loan is 1% over a 30 year period.

Amortization

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

Year Ending	
December 31:	OWDA Loan
2025	\$16,409
2026	16,409
2027	16,409
2028	16,409
2029	16,409
2030-2035	98,455
2036-2039	65,636
Total	<u><u>\$246,136</u></u>

Note 10 – Contingent Liabilities

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 11 – Fund Balances

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

12 – COVID-19

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

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**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$6,731	\$2,307	\$9,038
Charges for Services	1,021	0	1,021
Fines, Licenses and Permits	60	0	60
Intergovernmental	24,721	19,159	43,880
Earnings on Investments	32	0	32
Miscellaneous	1,637	0	1,637
<i>Total Cash Receipts</i>	<u>34,202</u>	<u>21,466</u>	<u>55,668</u>
Cash Disbursements			
Current:			
Security of Persons and Property	9,455	85	9,540
Public Health Services	2	0	2
Leisure Time Activities	12,060	0	12,060
Transportation	0	11,080	11,080
General Government	13,678	7,921	21,599
<i>Total Cash Disbursements</i>	<u>35,195</u>	<u>19,086</u>	<u>54,281</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(993)</u>	<u>2,380</u>	<u>1,387</u>
<i>Fund Cash Balances, January 1</i>	<u>56,624</u>	<u>41,724</u>	<u>98,348</u>
<i>Fund Cash Balances, December 31</i>	<u>\$55,631</u>	<u>\$44,104</u>	<u>\$99,735</u>

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

**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

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

<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$51,976
<i>Total Operating Cash Receipts</i>	<u>51,976</u>
Operating Cash Disbursements	
Personal Services	5,028
Employee Fringe Benefits	768
Contractual Services	31,029
Supplies and Materials	<u>8,334</u>
<i>Total Operating Cash Disbursements</i>	<u>45,159</u>
<i>Operating Income (Loss)</i>	<u>6,817</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	15,132
Principal Retirement	(13,884)
Interest and Other Fiscal Charges	<u>(2,525)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,277)</u>
<i>Income (Loss) before Transfers</i>	<u>5,540</u>
Transfers In	16,026
Transfers Out	<u>(16,026)</u>
<i>Net Change in Fund Cash Balances</i>	<u>5,540</u>
<i>Fund Cash Balances, January 1</i>	<u>62,379</u>
<i>Fund Cash Balances, December 31</i>	<u>\$67,919</u>

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Highland (the Village), Highland 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 general governmental services, sewer utilities, and park operations. The Village has a police chief on staff that works one day a week, and police services. The Village contracts with the Highland County Sheriff's department to provide security of persons and property.

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

Coronavirus Relief The corona virus relief fund accounts for and reports receipts and disbursements relating to COVID-19 funding.

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

Sewer Operating Fund The sewer operating fund accounts for and reports the receipts of charges for services from residents to cover the cost of providing this utility.

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

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.

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:

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 11.

Note 3 – Budgetary Activity

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

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$29,465	\$34,202	\$4,737
Special Revenue	17,825	21,466	3,641
Enterprise	111,409	83,134	(28,275)
Total	<u>\$158,699</u>	<u>\$138,802</u>	<u>(\$19,897)</u>

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,833	\$35,375	\$2,458
Special Revenue	33,564	19,133	14,431
Enterprise	100,086	77,687	22,399
Total	<u>\$171,483</u>	<u>\$132,195</u>	<u>\$39,288</u>

Note 4 – Deposits

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

	2023
Demand deposits	<u>\$167,654</u>
Total Deposits	<u>\$167,654</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 does not have any 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.

Note 5 – Taxes

Property Taxes

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

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

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded insurance coverage in any of the past 3 years. Coverage limits have not changed significantly since last year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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

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

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to 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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Traditional and Combined plans was 0% during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4% during calendar year 2023.

Note 9 – Debt

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

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$242,061	1%
Total	<u><u>\$242,061</u></u>	

In 2009, the Village obtained the OWDA New Wastewater Collection System loan to partially pay off the OWDA Sewer Collection System loan. The loan was originally obtained for \$424,384. The interest rate for the loan is 1% over a 30 year period.

Amortization

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

Year Ending December 31:	OWDA Loan
2024	\$16,409
2025	16,409
2026	16,409
2027	16,409
2028	16,409
2029-2034	98,455
2035-2039	82,045
Total	<u><u>\$262,545</u></u>

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

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

Village of Highland, Ohio
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	180	47	227
<i>Total</i>	<u><u>\$180</u></u>	<u><u>\$47</u></u>	<u><u>\$227</u></u>

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

Note 12 – COVID-19

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

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

Village of Highland
Highland County
12131 New Lexington Avenue
Highland, Ohio 45132

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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, 2024 and 2023 and the related notes to the financial statements of the Village of Highland, Highland County, Ohio (the Village) and have issued our report thereon dated December 17, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting amounts recorded as charges for services in the Proprietary Fund Type for the years ended December 31, 2024 and 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 through 2024-003 that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 17, 2025

**VILLAGE OF HIGHLAND
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023**

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

FINDING NUMBER 2024-001

Material Weakness

Budgetary Amounts Posted to Accounting System

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

Due to a lack of controls over the budgetary cycle, variances between approved amounts and amounts recorded in the accounting system at December 31, 2023 were as follows:

Fund	Appropriation Resolution Amount	Accounting System Amount	Variance
General	\$37,833	\$41,644	\$(3,811)
Street Construction, Maintenance and Repair	\$7,559	\$14,367	\$(6,808)
State Highway	\$820	\$870	\$(50)
Enforcement and Education	\$95	\$195	\$(100)
Sewer Operating	\$83,677	\$95,460	\$(11,783)
Enterprise Debt Service Reserve	\$16,454	\$16,409	\$(45)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village establish and implement procedures to ensure proper posting to the ledgers, on a timely basis, appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response:

We did not receive a response from the Village.

FINDING NUMBER 2024-002

Material Weakness
Billing System Reports

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

Due to a lack of such controls, the Village does not maintain adequate system reports for the billing and collection of Village sewer receipts. The Village only maintains a manual spreadsheet which showed customer payments received. There is no record of each customer's beginning balance, date payment is due, date received, and ending balances. There is no reconciliation noted between the manual spreadsheet prepared and the receipts posted in the Village's UAN system.

The following conditions were also noted:

- Seven out of fifty-four sewer receipts tested in 2023 were not charged a late fee when they should have been.
- One out of forty-five sewer receipts tested in 2024 were not charged a late fee when they should have been.
- Two of forty-five sewer receipts tested in 2024, the payment noted on the stub did not agree to the payment on the ledger.
- Sewer support stubs did not include the date the payment was received in 2023 or 2024.

Failure to develop and maintain adequate billing system reports can increase the chances of unrecorded sewer collections and accounts that may become delinquent. In addition, this resulted in a modified opinion over the Village's financial statements.

The Village should develop, implement, and maintain a system of internal controls to help ensure the proper maintenance of billing system reports that will identify customers' account balances on a monthly basis. The Village should reconcile the billing system reports to the UAN accounting system on a monthly basis.

Officials' Response:

We did not receive a response from the Village.

FINDING NUMBER 2024-003

Material Weakness
Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors during the posting of financial activity and reporting in their financial statements and notes to the financial statements:

FINDING NUMBER 2024-003
(Continued)

For 2024:

- Taxes were overstated in the Permissive Motor Vehicle License Tax fund by \$1,807, Intergovernmental receipts in the Street Construction Maintenance and Repair fund were understated by \$1,671, and Intergovernmental receipts were understated by \$136 in the State Highway fund due to the incorrect posting of tax receipts.
- Miscellaneous Revenues and General Government expense were overstated by \$2,000 in the General fund due to a restricted donation which was received and refunded during the year and due to the incorrect posting of a return of a donation.
- Footnote disclosures were incomplete due to client error in compiling footnotes.

For 2023:

- Intergovernmental receipts were understated by \$1,866 in the Street Construction, Maintenance, and Repair fund and understated by \$1,866 in the State Highway fund, due to the incorrect posting of Motor Vehicle License receipts.
- Intergovernmental receipts were understated by \$1,693 in the Street Construction, Maintenance, and Repair fund; Intergovernmental receipts were understated in the State Highway fund by \$137; and Tax Revenues were overstated by \$1,830 in the Permissive Motor Vehicle License Tax fund due to errors in posting Motor Vehicle License receipts.
- Footnote disclosures were incomplete due to client error in compiling footnotes.

The Village made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$9 to \$1,175 in 2023 and ranging from \$3 to \$1,399 in 2024.

The Village did correct the financial statements and accounting records where applicable and as approved by management.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

The Village should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

We did not receive a response from the Village.

OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue does not impact our GAGAS report.

FINDING NUMBER 2024-004

Finding for Recovery

The law requires that employers withhold income and wage taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See **26 U.S.C. §§3102(a) and 3402(a)(1)**. Those withholdings are considered to be held in "a special fund in trust for the United States." **26 U.S.C. § 7501(a)**. The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See **United States v. Farr, 536 F.3d 1174, 1176 (10th Circ. 2008)** (citing **26 U.S.C. § 3403**).

Ohio Rev. Code § 145.47 requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

The Village contracts with the Village of Leesburg for sewer services and is required to make timely monthly payments.

Former Village Fiscal Officer Teresa Smith remitted payments to the Internal Revenue Service, OPERS, and sewer maintenance fees to the Village of Leesburg late during the audit period.

The failure to pay federal tax withholdings, OPERS pension withholding payments and sewer maintenance payments in a timely manner is considered gross negligence. Late payment fees and related finance incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.24, a Finding for Recovery for public monies illegally expended is hereby issued against Teresa Smith; in the amount of \$871.50, and in favor of the Village of Highland General fund in the amount of \$86.60 and the Sewer Operating fund in the amount of \$784.90.

Officials' Response:

We did not receive a response from the Village.

VILLAGE OF HIGHLAND

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2024 AND 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Budgetary Amounts Posted to the Accounting System	Not Corrected	Reissued as Finding Number 2024-001
2022-002	Billing System Reports	Not Corrected	Reissued as Finding Number 2024-002
2022-003	Financial Reporting	Not Corrected	Reissued as Finding Number 2024-003
2022-004	Ohio Rev. Code § 5705.39 - Appropriations exceeded amount certified.	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HIGHLAND

HIGHLAND 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 1/6/2026

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