

Village of McArthur
Vinton County
Regular Audit
For the Years Ended December 31, 2017 and 2016



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OHIO AUDITOR OF STATE KEITH FABER



Village Council
Village of McArthur
124 W Main St
McArthur, OH 45651

We have reviewed the *Independent Auditor's Report* of the Village of McArthur, Vinton County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2016 through December 31, 2017. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states, in part, the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village vacation policy indicates that an employee is eligible to receive payment in lieu of vacation equal to 40 hours. However, during 2017 and 2016, Janie Fannin, Fiscal Officer received compensation in lieu of vacation of 80 hours and 60 hours, respectively, which was approved by Mayor, Kim Wortman. Ms. Fannin was paid for 60 additional hours she was not entitled to that resulted in overcompensation of \$890.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Janie Fannin, Fiscal Officer of the Village of McArthur, in the amount of \$890 and in favor of the Village of McArthur's General Fund. Her bonding company is the RLI Insurance Company.

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Finding for Recovery Repaid Under Audit (continued)

On December 21, 2018, \$890 was deposited into the Village's Vinton County National Bank Account and paid into the Village on Receipt #321-2018 and Pay In #2754, and subsequently posted to the Village's General Fund.

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states, in part, the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village vacation policy indicates that an employee is eligible to receive payment in lieu of vacation equal to 40 hours. However, during 2017, John Kirby, Street Employee, received compensation in lieu of vacation of 80 hours, which was approved by Mayor, Kim Wortman. Mr. Kirby was paid for 40 additional hours that he was not entitled to that resulted in overcompensation of \$620.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against John Kirby, Street Employee of the Village of McArthur, in the amount of \$620 and in favor of the Village of McArthur's Street Fund. His bonding company is the Euclid-Broker Greenwich Insurance Company.

On December 21, 2018, \$620 was deposited into the Village's Vinton County National Bank Account and paid into the Village on Receipt #321-2018 and Pay In #2754, and subsequently posted to the Village's Street Fund.

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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 McArthur is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

February 5, 2019

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Village of McArthur
Vinton County
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For the Years Ended December 31, 2017 and 2016

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Independent Auditor's Report

Village Council
Village of McArthur
Vinton County
124 West Main Street
McArthur, Ohio 45651

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of McArthur, Vinton County, (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of McArthur, Vinton County, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

December 14, 2018

Village of McArthur
Vinton County
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2017

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$90,667	\$215,594	\$306,261
Intergovernmental	77,356	106,314	183,670
Charges for Services	0	83,786	83,786
Fines, Licenses and Permits	7,239	203	7,442
Earnings on Investments	1,299	119	1,418
Miscellaneous	8,738	44,811	53,549
Total Cash Receipts	185,299	450,827	636,126
Cash Disbursements:			
Current:			
Security of Persons and Property	51,619	330,317	381,936
Leisure Time Activities	0	30,203	30,203
Transportation	0	137,706	137,706
General Government	142,880	5,356	148,236
Capital Outlay	31,500	0	31,500
Debt Service:			
Principal Payment	7,913	0	7,913
Interest and Fiscal Charges	1,208	0	1,208
Total Cash Disbursements	235,120	503,582	738,702
Excess of Receipts Over (Under) Disbursements	(49,821)	(52,755)	(102,576)
Other Financing Receipts/(Disbursements):			
Transfers In	0	35,000	35,000
Transfers Out	(35,000)	0	(35,000)
Other Financing Sources	2,081	7,825	9,906
Other Financing Uses	(1,030)	(481)	(1,511)
Total Other Financing Receipts/(Disbursements)	(33,949)	42,344	8,395
Special Item	0	1,000	1,000
Net Change in Fund Cash Balances	(83,770)	(9,411)	(93,181)
Fund Cash Balances, January 1	417,465	320,810	738,275
Fund Cash Balances, December 31:			
Nonspendable	549	0	549
Restricted			
Drug and Alcohol Education and Enforcement	0	4,362	4,362
Economic Development	0	14,137	14,137
Fire Operations	0	224,820	224,820
Park Maintenance and Operations	0	8,771	8,771
Police Operations	0	35,573	35,573
Recreational Operations and Supplies	0	428	428
State Highways Operations and Maintenance	0	1,941	1,941
Street Department of Operations	0	20,572	20,572
Committed to Recreation Programs	0	795	795
Unassigned	333,146	0	333,146
Fund Cash Balances, December 31	\$333,695	\$311,399	\$645,094

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

Village of McArthur

Vinton County

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$465,882	\$0	\$465,882
Miscellaneous	120	0	120
Total Cash Receipts	466,002	0	466,002
Operating Cash Disbursements:			
Personal Services	147,941	0	147,941
Employee Fringe Benefits	71,212	0	71,212
Contractual Services	148,807	0	148,807
Supplies and Materials	32,617	0	32,617
Capital Outlay	269,682	0	269,682
Other	6,961	0	6,961
Total Cash Disbursements	677,220	0	677,220
Operating Income/(Loss)	(211,218)	0	(211,218)
Non-Operating Cash Receipts:			
Other Debt Proceeds	203,779	0	203,779
Other Financing Sources	5,149	0	5,149
Other Non-Operating Receipts	0	4,769	4,769
Total Non-Operating Cash Receipts	208,928	4,769	213,697
Non-Operating Cash Disbursements:			
Redemption of Principal	9,084	0	9,084
Interest and Other Fiscal Charges	5,227	0	5,227
Other Non-Operating Disbursements	0	5,215	5,215
Total Non-Operating Cash Disbursements	14,311	5,215	19,526
Net Change in Fund Cash Balances	(16,601)	(446)	(17,047)
Fund Cash Balances, January 1	384,644	1,700	386,344
Fund Cash Balances, December 31	\$368,043	\$1,254	\$369,297

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

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of McArthur, Vinton County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police and fire services.

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

B. 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 (D). 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 adequately disclose material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village invests all available funds in an interest-bearing checking and savings accounts.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

Police Levy Fund- This fund receives property tax money to provide police protection.

Fire Levy Fund -This fund receives property tax money and contractual charges for services to provide fire protection.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

3. Enterprise Funds

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

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

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

4. Fiduciary Funds (Agency Fund)

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at yearend are canceled and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are *restricted* or *committed*. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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 McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. EQUITY IN POOLED CASH

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

	2017
Demand Deposits	\$1,014,391

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$189,005	\$187,380	(\$1,625)
Special Revenue	495,671	493,652	(2,019)
Enterprise	667,599	674,930	7,331
Total	\$1,352,275	\$1,355,962	\$3,687

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,198	\$271,150	\$48
Special Revenue	502,494	504,063	(1,569)
Enterprise	711,973	691,531	20,442
Total	\$1,485,665	\$1,466,744	\$18,921

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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 the Village's behalf.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

5. DEBT

Long-term debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4682	\$59,903	4.12%
Ohio Water Development Authority Loan #7270	105,996	2.46%
Ohio Water Development Authority Loan #7457	372,738	2.06%
Ohio Water Development Authority Loan #7696	204,528	3.03%
Vinton County National Bank Loan #200374197	42,328	2.50%
Total	\$785,493	

The Ohio Water Development Authority (OWDA) loan (#4682) relates to a water meter project. The OWDA approved up to \$100,000 in loans to the Village Board of Public Affairs for this project which includes \$400 in loan fees. The Village BPA will repay the loan in semiannual installments of \$3,684, including interest, over 20 years. The loan is collateralized by water receipts and includes \$4 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #4682
2018	\$7,369
2019	7,369
2020	7,369
2021	7,369
2022	7,369
2023-2027	36,848
Total	\$73,693

The Ohio Water Development Authority (OWDA) loan (#7270) relates to an undersized water main. The OWDA approved up to \$110,326 in loans to the Village Board of Public Affairs for this project. The Village BPA will repay the loan in semiannual installments of \$3,509 including interest over 20 years starting in 2017. The loan is collateralized by water receipts and includes \$213 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #7270
2018	\$7,018
2019	7,018
2020	7,018
2021	7,018
2022	7,018
2023-2027	35,090
2028-2032	35,090
2033-2036	28,072
Total	\$133,342

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Ohio Water Development Authority (OWDA) loan (#7457) relates to a water main replacement. The OWDA approved \$372,738 in loans to the Village Board of Public Affairs for this project which includes \$1,587 in loan fees. The Village BPA will repay the loan in semiannual installments of \$11,437 including interest over 20 years starting in 2018. The loan is collateralized by water receipts and includes \$4,457 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #7457
2018	\$22,874
2019	22,874
2020	22,874
2021	22,874
2022	22,874
2023-2027	114,370
2028-2032	114,370
2033-2037	<u>114,370</u>
Total	<u>\$457,480</u>

The Ohio Water Development Authority (OWDA) loan (#7696) relates to a water line replacement. The OWDA approved \$204,525 in loans to the Village Board of Public Affairs for this project which includes \$746 in loan fees. The Village BPA will repay the loan in semiannual installments of \$6,856 including interest over 20 years starting in 2018. The loan is collateralized by water receipts and includes \$4 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #7696
2018	\$13,712
2019	13,712
2020	13,712
2021	13,712
2022	13,712
2023-2027	68,560
2028-2032	68,560
2033-2037	<u>68,560</u>
Total	<u>\$274,240</u>

The Vinton County National Bank (VCNB) loan #200374197 relates to a truck purchased for the Street Department and is to be paid from the General Fund in 6 annual payments. The loan amount was \$50,241. The loan is collateralized by the truck. There will be 6 annual payments which will be taken directly out of the Village's bank account on November 30 for 6 years. Loan payments began in 2017.

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

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Year Ending December 31:	VCNB Loan #200374197
2018	\$9,121
2019	9,121
2020	9,121
2021	9,121
2022	<u>9,123</u>
Total	<u><u>\$45,607</u></u>

6. RETIREMENT SYSTEMS

The Village’s full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25 percent of their wages from January 1, 2017 through December 31, 2017. The Village contributed an amount equal to 19.5 percent of participants’ gross salaries. For 2017, OPERS members contributed 10 percent of their wages. The Village contributed an amount equal to 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

The Village is not currently party to litigation.

9. COMPLIANCE

The Village did not properly encumber funds prior to commitment, which is contrary to Ohio Revised Code Section 5705.41(D).

Contrary to Ohio Revised Code Section 1905.21, the Village did not keep a complete docket, cashbook, and case files.

10. SUBSEQUENT EVENTS

On February 21, 2018 the Village approved the purchase of a new fire truck for \$248,933. The Village will pay \$150,000 towards the purchase with the remaining \$98,933 to be financed through a loan from Vinton County National bank. The Village will have the option of financing the loan at 3.75% fixed for up to 60 months, or 4.5% fixed for 61 to 120 months. As of the date of this report the Village has not received the fire truck.

Village of McArthur
Vinton County
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2016

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$95,323	\$224,773	\$320,096
Intergovernmental	78,969	129,205	208,174
Charges for Services	0	97,605	97,605
Fines, Licenses and Permits	4,793	75	4,868
Earnings on Investments	797	96	893
Miscellaneous	112,756	28,439	141,195
Total Cash Receipts	292,638	480,193	772,831
Cash Disbursements:			
Current:			
Security of Persons and Property	13,700	347,061	360,761
Leisure Time Activities	0	28,836	28,836
Transportation	0	148,847	148,847
General Government	133,895	5,838	139,733
Capital Outlay	50,241	9,858	60,099
Total Cash Disbursements	197,836	540,440	738,276
Excess of Receipts Over (Under) Disbursements	94,802	(60,247)	34,555
Other Financing Receipts/(Disbursements):			
Other Debt Proceeds	50,241	0	50,241
Advances Out	(18,500)	(5,000)	(23,500)
Advances In	5,000	18,500	23,500
Transfers Out	(45,000)	0	(45,000)
Transfers In	0	45,000	45,000
Other Financing Sources	1,303	5,989	7,292
Other Financing Uses	(922)	(489)	(1,411)
Total Other Financing Receipts/(Disbursements)	(7,878)	64,000	56,122
Net Change in Fund Cash Balances	86,924	3,753	90,677
Fund Cash Balances, January 1	330,541	317,057	647,598
Fund Cash Balances, December 31:			
Nonspendable	549	0	549
Fund Cash Balances, December 31:			
Restricted			
Drug and Alcohol Education and Enforcement	0	4,159	4,159
Economic Development	0	15,926	15,926
Fire Operations	0	213,861	213,861
Park Maintenance and Operations	0	11,667	11,667
Police Operations	0	34,375	34,375
Recreational Operations and Supplies	0	1,167	1,167
State Highways Operations and Maintenance	0	19,287	19,287
Street Department of Operations	0	20,192	20,192
Committed to Recreation Programs	0	176	176
Unassigned	416,916	0	416,916
Fund Cash Balances, December 31	\$417,465	\$320,810	\$738,275

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

Village of McArthur
Vinton County

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$446,648	\$0	\$446,648
Miscellaneous	110	0	110
Total Cash Receipts	446,758	0	446,758
Operating Cash Disbursements:			
Personal Services	152,781	0	152,781
Employee Fringe Benefits	83,267	0	83,267
Contractual Services	140,267	0	140,267
Supplies and Materials	72,182	0	72,182
Capital Outlay	495,312	0	495,312
Other	4,614	0	4,614
Total Cash Disbursements	948,423	0	948,423
Operating Income/(Loss)	(501,665)	0	(501,665)
Non-Operating Cash Receipts:			
Other Debt Proceeds	476,806	0	476,806
Other Financing Sources	4,490	0	4,490
Other Non-Operating Receipts	0	5,359	5,359
Total Non-Operating Cash Receipts	481,296	5,359	486,655
Non-Operating Cash Disbursements:			
Redemption of Principal	4,646	0	4,646
Interest and Other Fiscal Charges	2,642	0	2,642
Other Financing Uses	1,684	0	1,684
Other Non-Operating Cash Disbursements	0	3,943	3,943
Total Non-Operating Cash Disbursements	8,972	3,943	12,915
Net Change in Fund Cash Balances	(29,341)	1,416	(27,925)
Fund Cash Balances, January 1	413,985	284	414,269
Fund Cash Balances, December 31	\$384,644	\$1,700	\$386,344

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

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of McArthur, Vinton County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police and fire services.

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

B. 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 (D). 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 adequately disclose material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village invests all available funds in an interest-bearing checking and savings accounts.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

Police Levy Fund- This fund receives property tax money to provide police protection.

Fire Levy Fund -This fund receives property tax money and contractual charges for services to provide fire protection.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

3. Enterprise Funds

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

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

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

4. Fiduciary Funds (Agency Fund)

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at yearend are canceled and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are *restricted* or *committed*. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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 McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

2. EQUITY IN POOLED CASH

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

	2016
Demand Deposits	\$1,124,619

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$340,005	\$344,182	\$4,177
Special Revenue	526,115	531,182	5,067
Enterprise	917,154	928,054	10,900
Total	\$1,783,274	\$1,803,418	\$20,144

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$243,755	\$243,758	(\$3)
Special Revenue	540,930	540,929	1
Enterprise	957,395	957,395	0
Total	\$1,742,080	\$1,742,082	(\$2)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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 the Village's behalf.

5. DEBT

Long-term debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4682	\$64,657	4.12%
Ohio Water Development Authority Loan #7270	110,326	2.46%
Ohio Water Development Authority Loan #7457	368,941	2.06%
Vinton County National Bank Loan #200374197	50,241	2.50%
Total	\$594,165	

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

The Ohio Water Development Authority (OWDA) loan (#4682) relates to a water meter project. The OWDA approved up to \$100,000 in loans to the Village Board of Public Affairs for this project which includes \$400 in loan fees. The Village BPA will repay the loan in semiannual installments of \$3,684, including interest, over 20 years. The loan is collateralized by water receipts and includes \$4 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #4682
2017	\$7,369
2018	7,369
2019	7,369
2020	7,369
2021	7,369
2022-2026	36,847
2027	<u>7,370</u>
Total	<u>\$81,062</u>

The Ohio Water Development Authority (OWDA) loan (#7270) relates to an undersized water main. The OWDA approved up to \$110,112 in loans to the Village Board of Public Affairs for this project. The Village BPA will repay the loan in semiannual installments of \$3,502 including interest over 20 years starting in 2017. The loan is collateralized by water receipts and includes \$213 of capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	Loan #7270
2017	\$7,004
2018	7,004
2019	7,004
2020	7,004
2021	7,004
2022-2026	35,020
2027-2031	35,020
2032-2036	<u>35,020</u>
Total	<u>\$140,080</u>

The Ohio Water Development Authority (OWDA) loan (#7457) relates to a water main replacement. The OWDA approved up to \$372,738 in loans to the Village Board of Public Affairs for this project which includes \$1,587 in loan fees. The Village BPA will repay the loan in semiannual installments of \$10,423 including interest over 20 years starting in 2018. The loan is collateralized by water receipts and includes \$660 in capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Year Ending December 31:	Loan #7457
2018	\$20,846
2019	20,846
2020	20,846
2021	20,846
2022	20,846
2023-2027	104,230
2028-2032	104,230
2033-2037	<u>104,230</u>
Total	<u>\$416,920</u>

The Vinton County National Bank loan (#200374197) relates to a truck purchased for the Street Department and being paid from the General Fund in 6 annual payments. The loan amount was \$50,241. The loan is collateralized by the truck. There will be 6 annual payments which will be taken directly out of the Village's bank account on November 30 for 6 years. Loan payments begin in 2017.

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

Year Ending December 31:	VCNB Loan #200374197
2017	\$9,121
2018	9,121
2019	9,121
2020	9,121
2021	9,121
2022	<u>9,123</u>
Total	<u>\$54,728</u>

6. RETIREMENT SYSTEMS

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25 percent of their wages from January 1, 2016 through December 31, 2016. The Village contributed an amount equal to 19.5 percent of participants' gross salaries. For 2016, OPERS members contributed 10 percent of their wages. The Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of McArthur
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

The Village is not currently party to litigation.

9. COMPLIANCE

The Village did not properly encumber funds prior to commitment, which is contrary to Ohio Revised Code Section 5705.41(D).

Contrary to Ohio Revised Code Section 1905.21, the Village did not keep a complete docket, cashbook, and case files.

10. SUBSEQUENT EVENTS

On February 21, 2018 the Village approved the purchase of a new fire truck for \$248,933. The Village will pay \$150,000 towards the purchase with the remaining \$98,933 to be financed through a loan from Vinton County National bank. The Village will have the option of financing the loan at 3.75% fixed for up to 60 months, or 4.5% fixed for 61 to 120 months. As of the date of this report the Village has not received the fire truck.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Village Council
Village of McArthur
Vinton County
124 West Main Street
McArthur, Ohio 45651

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, the financial statements of the Village of McArthur, Vinton County (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2017-001 and 2017-003 that we consider to be material weaknesses.

Village of McArthur
Vinton County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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 and responses as items 2017-002, and 2017-004.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

December 14, 2018

Village of McArthur
Vinton County
Schedule of Findings and Responses
For the Years Ended December 31, 2017 and 2016

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2017-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. Various adjustments were required in order to properly present receipts, disbursements, and fund balances including adjustments to beginning balances, property taxes and intergovernmental receipts, debt proceeds, and capital outlay. These misclassifications and misstatements were corrected in the accompanying financial statements. The Village should implement additional monitoring procedures to ensure transactions are properly recorded and classified.

Client Response:

Client chose not to respond.

Finding Number 2017-002

Noncompliance – Prior Encumbrance of Funds

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The statute provides the following exception to this basic requirement:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, 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. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 for political subdivisions other than counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of a "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.

Several disbursements tested had invoice dates preceding encumbrance dates. Failure to certify the availability of funds properly can result in overspending funds and negative fund balances. The Village should implement budgetary monitoring procedures to ensure that funds are properly and timely encumbered prior to commitment.

Client Response:

Client chose not to respond.

Village of McArthur
Vinton County
Schedule of Findings and Responses
For the Years Ended December 31, 2017 and 2016

Finding Number 2017-003

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Variances were noted in both 2017 and 2016 between estimated resources and appropriations approved by Council and filed with the County and the amounts recorded within the Village’s accounting system. Failure to properly maintain budget information within the accounting system could result in adverse implications as decisions by management and Council may be based on this misinformation. The Village should implement the appropriate procedures, such as periodic comparison of authorized budgetary documents to the accounting system, to ensure budgetary information is accurate, complete, and current.

Client Response:

Client chose not to respond.

Finding Number 2017-004

Noncompliance Citation – Mayor’s Court

Ohio Revised Code Section 1905.21 states that the mayor of a municipal corporation and a mayor’s court magistrate shall keep a docket. The mayor or mayor’s court magistrate shall account for and dispose of all such fines, forfeitures, fees, and costs collected. Ohio Revised Code Section 733.40 states that all moneys collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the Village.

During testing of Mayor’s court receipts, we noted four cases in which we could not trace payments back to the cashbook and 11 cases of 76 tested in which the fine amount did not agree to the bond schedule or a judgment entry from the Magistrate; furthermore the required monthly reports were given to Council but they did not reflect disbursement amounts to the Village or to the State and were not dated. We also noted that the Village did not make the required distributions to the State until after the audit period.

The Village should maintain a complete and accurate docket, cashbook and case files. The magistrate should account for all moneys collected and remit them timely to the treasurer. Furthermore, all Mayor’s Court receipts should be recorded on the Mayor’s Court books before being distributed to other entities.

Client Response:

All is current and up to date now.

Village of McArthur
Vinton County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2017 and 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2015-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2017-001
Finding 2015-002	Noncompliance – Prior Encumbrance of Funds	No	Reissued as Finding 2017-002
Finding 2015-003	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2017-003
Finding 2015-004	Noncompliance Citation – Ohio Revised Code Section 5705.41(B)	No	Reissued in Management Letter
Finding 2015-005	Noncompliance Citation – Ohio Revised Code Section 5705.39(B)	Yes	
Finding 2015-006	Noncompliance Citation – Ohio Revised Code Section 5705.36(A)(2)	Yes	
Finding 2015-007	Noncompliance Citation – Mayor’s Court	No	Reissued as Finding 2017-004
Finding 2015-008	Noncompliance Citation – Ohio Revised Code Section 117.38	No	Reissued in Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MCARTHUR

VINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2019**