



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF MCARTHUR
VINTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of McArthur
Vinton County
124 W. Main Street
McArthur, Ohio 45651

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Village of McArthur, Vinton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification 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 Enterprise and Custodial Funds as of and for the years ended December 31, 2022 and 2021, and the related notes of the Village of McArthur, Vinton 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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.

Basis for Additional Opinion Qualifications

Charges for Services receipts are reported at \$521,660 and \$485,396 for the years ended December 31, 2022 and 2021, respectively, which are 99% of Enterprise Fund operating cash receipts for the years ended December 31, 2022 and 2021. We were unable to obtain sufficient appropriate audit evidence supporting the completeness of amounts recorded as Enterprise Charges for Services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Fines, Forfeitures and Settlements for Distribution receipts are reported at \$217 for the year ended December 31, 2022 and Fines, Forfeitures and Settlements for Distribution receipts and Other Distributions disbursements are each reported at \$1,533 for the year ended December 31, 2021, which are 100% of Custodial Fund additions and deductions for the years ended December 31, 2022 and 2021. We were unable to obtain sufficient appropriate audit evidence supporting the completeness of amounts recorded as Custodial Fines, Forfeitures and Settlements for Distribution receipts, and Other Distributions disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 § 117.38 and Ohio Administrative Code § 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 October 9, 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

October 9, 2025

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Village of McArthur, Ohio*Vinton County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2022*

| | General | Special Revenue | Combined Total |
|---|-------------------------|-------------------------|---------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$108,500 | \$292,608 | \$401,108 |
| Intergovernmental | 86,058 | 263,021 | 349,079 |
| Charges for Services | 0 | 175,797 | 175,797 |
| Licenses, Permits and Fees | 25 | 0 | 25 |
| Earnings on Investments | 446 | 404 | 850 |
| Miscellaneous | 67,540 | 28,809 | 96,349 |
| <i>Total Cash Receipts</i> | <u>262,569</u> | <u>760,639</u> | <u>1,023,208</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 9,886 | 417,837 | 427,723 |
| Leisure Time Activities | 0 | 60,181 | 60,181 |
| Basic Utility Services | 0 | 526 | 526 |
| Transportation | 0 | 166,500 | 166,500 |
| General Government | 165,775 | 6,800 | 172,575 |
| Capital Outlay | 18,759 | 21,864 | 40,623 |
| Debt Service: | | | |
| Principal Retirement | 13,578 | 11,866 | 25,444 |
| Interest and Fiscal Charges | 858 | 4,776 | 5,634 |
| <i>Total Cash Disbursements</i> | <u>208,856</u> | <u>690,350</u> | <u>899,206</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>53,713</u> | <u>70,289</u> | <u>124,002</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Sources | 1,144 | 8,380 | 9,524 |
| Other Financing Uses | (6,006) | (1,740) | (7,746) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(4,862)</u> | <u>6,640</u> | <u>1,778</u> |
| Special Item | <u>0</u> | <u>7,339</u> | <u>7,339</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>48,851</u> | <u>84,268</u> | <u>133,119</u> |
| <i>Fund Cash Balances, January 1</i> | <u>244,804</u> | <u>686,872</u> | <u>931,676</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$293,655</u></u> | <u><u>\$771,140</u></u> | <u><u>\$1,064,795</u></u> |

See accompanying notes to the basic financial statements

Village of McArthur, Ohio*Vinton County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**Proprietary Fund Type**For the Year Ended December 31, 2022*

| | <u>Proprietary Fund Type</u> |
|---|------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$521,660 |
| Miscellaneous | <u>5,240</u> |
| <i>Total Operating Cash Receipts</i> | <u>526,900</u> |
| Operating Cash Disbursements | |
| Personal Services | 189,270 |
| Employee Fringe Benefits | 39,883 |
| Contractual Services | 149,486 |
| Supplies and Materials | 68,382 |
| Other | <u>2,642</u> |
| <i>Total Operating Cash Disbursements</i> | <u>449,663</u> |
| <i>Operating Income (Loss)</i> | <u>77,237</u> |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental Receipts | 481,982 |
| Capital Outlay | (482,382) |
| Principal Retirement | (35,777) |
| Interest and Other Fiscal Charges | (15,150) |
| Other Financing Sources | <u>588</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(50,739)</u> |
| <i>Net Change in Fund Cash Balances</i> | 26,498 |
| <i>Fund Cash Balances, January 1</i> | <u>189,933</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$216,431</u></u> |

See accompanying notes to the basic financial statements

Village of McArthur, Ohio

Vinton County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2022

| | Fiduciary Fund Type |
|---|---------------------|
| | Custodial |
| | Other Custodial |
| Additions | |
| Fines, Forfeitures and Settlements for Distribution | \$217 |
| <i>Total Additions</i> | 217 |
| <i>Net Change in Fund Balances</i> | 217 |
| <i>Fund Cash Balances, January 1</i> | 0 |
| <i>Fund Cash Balances, December 31</i> | \$217 |

See accompanying notes to the basic financial statements

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Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary 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 Fund:

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.

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

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

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds accounts for Mayor's Court collections.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2022 budgetary activity appears in Note 4.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits

The Village invests all available funds in an interest-bearing checking account.

Capital Assets

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

Accumulated Leave

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair, State Highway, Parks and Recreation, Parks, and Fire Funds by \$3,277, \$1,506, \$7,147, \$28,667, and \$57,563, respectively, for the year ended December 31, 2022.

Note 4 – Budgetary Activity

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

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$181,350 | \$263,713 | \$82,363 |
| Special Revenue | 560,764 | 769,019 | 208,255 |
| Enterprise | 1,031,997 | 1,009,470 | (22,527) |
| Total | <u>\$1,774,111</u> | <u>\$2,042,202</u> | <u>\$268,091</u> |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$312,424 | \$215,468 | \$96,956 |
| Special Revenue | 661,356 | 694,467 | (33,111) |
| Enterprise | 1,031,995 | 984,874 | 47,121 |
| Total | <u>\$2,005,775</u> | <u>\$1,894,809</u> | <u>\$110,966</u> |

Note 5 – Deposits

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

| | 2022 |
|-------------------------------------|-------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$1,281,443 |

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 5 – Deposits (Continued)

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.

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 6 – Taxes

Property Taxes

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

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.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

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

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 10 – Debt

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

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|------------------|----------------------|
| OWDA 4682 | \$32,995 | 4.12% |
| OWDA 7270 | \$82,686 | 2.46% |
| OWDA 7457 | \$293,470 | 2.06% |
| OWDA 7696 | \$164,291 | 3.03% |
| Vinton County National Bank #200354890 | \$70,345 | 4.50% |
| Vinton County National Bank #200631536 | \$15,299 | 2.55% |
| Vinton County National Bank #200631430 | \$36,536 | 2.90% |
| Total | <u>\$695,622</u> | |

The Ohio Water Development Authority (OWDA) loan 4682 relates to a water meter project. 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 requirements.

The Ohio Water Development Authority (OWDA) loan 7270 relates to an undersized water main. 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 in capitalized interest. The Village BPA has agreed to set sufficient utility rates to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7457 relates to a water main replacement. 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 sufficient utility rates to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7696 relates to a water line replacement. 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 sufficient utility rates to cover OWDA debt service requirements.

The Vinton County National Bank (VCNB) loan #200354890 relates to a truck for the Fire Department and is to be paid from the Fire Fund in 10 annual payments. The loan amount was \$94,522. The loan is collateralized by the fire truck. These 10 annual payments began on January 30, 2020.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 10 – Debt (Continued)

The Vinton County National Bank (VCNB) loan #200631536 relates to a siren loan truck for the Fire Department and is to be paid from the General Fund in 10 bi-annual payments. The loan amount was \$25,000. The loan is unsecured. These 10 bi-annual payments began on June 15, 2021.

The Vinton County National Bank (VCNB) loan #200631430 relates to a park loan and is to be paid from the Park Fund in 10 annual payments. The loan amount was \$40,000. The loan is unsecured. These 10 annual payments began on August 15, 2022.

Amortization

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

| Year Ending December 31: | OWDA Loan #4682 | OWDA Loan #7270 | OWDA Loan #7457 | OWDA Loan #7696 | VCNB Loan #200354890 | VCNB Loan #200631536 | VCNB Loan #200631430 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------------|-------------------------|
| 2023 | \$7,369 | \$7,018 | \$22,874 | \$13,711 | \$11,946 | \$5,333 | \$4,697 |
| 2024 | 7,639 | 7,018 | 22,874 | 13,711 | 11,946 | 5,333 | 4,697 |
| 2025 | 7,639 | 7,018 | 22,874 | 13,711 | 11,946 | 0 | 4,697 |
| 2026 | 7,639 | 7,018 | 22,874 | 13,711 | 11,946 | 0 | 4,697 |
| 2027 | 7,639 | 7,018 | 22,874 | 13,711 | 11,946 | 0 | 4,697 |
| 2028-2032 | 0 | 35,087 | 228,739 | 68,555 | 23,377 | 0 | 18,788 |
| 2033-2037 | 0 | 28,069 | 114,369 | 68,555 | 0 | 0 | 0 |
| Total | <u>\$37,925</u> | <u>\$98,246</u> | <u>\$457,478</u> | <u>\$205,665</u> | <u>\$83,107</u> | <u>\$10,666</u> | <u>\$42,273</u> |

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:

| <u>Fund Balances</u> | <u>General</u> |
|----------------------|----------------|
| Nonspendable: | |
| Unclaimed Monies | \$549 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of McArthur, Ohio*Vinton County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

| | General | Special Revenue | Combined Total |
|---|------------------|--------------------|-------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$100,426 | \$282,805 | \$383,231 |
| Intergovernmental | 83,483 | 529,471 | 612,954 |
| Charges for Services | 0 | 231,172 | 231,172 |
| Licenses, Permits and Fees | 1,938 | 0 | 1,938 |
| Earnings on Investments | 355 | 276 | 631 |
| Miscellaneous | 14,600 | 22,896 | 37,496 |
| <i>Total Cash Receipts</i> | <u>200,802</u> | <u>1,066,620</u> | <u>1,267,422</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 37,534 | 411,403 | 448,937 |
| Leisure Time Activities | 0 | 66,342 | 66,342 |
| Basic Utility Services | 0 | 10,363 | 10,363 |
| Transportation | 0 | 408,027 | 408,027 |
| General Government | 134,945 | 7,498 | 142,443 |
| Capital Outlay | | 22,163 | 22,163 |
| Debt Service: | | | |
| Principal Retirement | 13,870 | 8,091 | 21,961 |
| Interest and Fiscal Charges | 584 | 4,104 | 4,688 |
| <i>Total Cash Disbursements</i> | <u>186,933</u> | <u>937,991</u> | <u>1,124,924</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>13,869</u> | <u>128,629</u> | <u>142,498</u> |
| Other Financing Receipts (Disbursements) | | | |
| Loans Issued | 25,000 | 40,000 | 65,000 |
| Sale of Capital Assets | 200 | 0 | 200 |
| Other Financing Sources | 0 | 4,275 | 4,275 |
| Other Financing Uses | (2,932) | (17,664) | (20,596) |
| <i>Total Other Financing Receipts</i> | <u>22,268</u> | <u>26,611</u> | <u>48,879</u> |
| <i>Net Change in Fund Cash Balances</i> | 36,137 | 155,240 | 191,377 |
| <i>Fund Cash Balances, January 1</i> | <u>208,667</u> | <u>531,632</u> | <u>740,299</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$244,804</u> | <u>\$686,872</u> | <u>\$931,676</u> |

See accompanying notes to the basic financial statements

Village of McArthur, Ohio*Vinton County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**Proprietary Fund Types**For the Year Ended December 31, 2021*

| | <u>Proprietary Fund Type</u> |
|---|------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$485,396 |
| Miscellaneous | <u>2,772</u> |
| <i>Total Operating Cash Receipts</i> | <u>488,168</u> |
| Operating Cash Disbursements | |
| Personal Services | 176,578 |
| Employee Fringe Benefits | 44,367 |
| Contractual Services | 176,712 |
| Supplies and Materials | 104,509 |
| Other | <u>7,982</u> |
| <i>Total Operating Cash Disbursements</i> | <u>510,148</u> |
| <i>Operating Income (Loss)</i> | <u>(21,980)</u> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (27,744) |
| Principal Retirement | (34,835) |
| Interest and Other Fiscal Charges | (16,086) |
| Other Financing Sources | <u>4,524</u> |
| <i>Total Non-Operating (Disbursements)</i> | <u>(74,141)</u> |
| <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i> | (96,121) |
| <i>Fund Cash Balances, January 1</i> | <u>286,054</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$189,933</u></u> |

See accompanying notes to the basic financial statements

Village of McArthur, Ohio

Vinton County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2021

| | <u>Fiduciary Fund Type</u> |
|---|----------------------------|
| | <u>Custodial</u> |
| | <u>Other Custodial</u> |
| Additions | |
| Fines, Forfeitures and Settlements for Distribution | \$1,533 |
| <i>Total Additions</i> | <u>1,533</u> |
| Deductions | |
| Other Distributions | <u>1,533</u> |
| <i>Total Deductions</i> | <u>1,533</u> |
| <i>Net Change in Fund Balances</i> | 0 |
| <i>Fund Cash Balances, January 1</i> | <u>0</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$0</u> |

See accompanying notes to the basic financial statements

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Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary 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 Fund:

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.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court collections.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 4.

Deposits

The Village invests all available funds in an interest-bearing checking account.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks and Recreation, Parks, Law Enforcement Trust, Fire, Coronavirus Relief, Water Operating, and Sewer Operating Funds by \$3,515, \$34,073, \$38,909, \$12,902, \$32,980, \$5,355, and \$33,443, respectively, for the year ended December 31, 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$209,698 | \$226,002 | \$16,304 |
| Special Revenue | 877,164 | 1,110,895 | 233,731 |
| Enterprise | 563,762 | 492,692 | (71,070) |
| Total | <u>\$1,650,624</u> | <u>\$1,829,589</u> | <u>\$178,965</u> |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$249,878 | \$189,865 | \$60,013 |
| Special Revenue | 896,457 | 955,655 | (59,198) |
| Enterprise | 550,015 | 588,813 | (38,798) |
| Total | <u>\$1,696,350</u> | <u>\$1,734,333</u> | <u>(\$37,983)</u> |

Note 5 – Deposits

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

| | 2021 |
|-------------------------------------|-------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$1,121,609 |

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.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 5 – Deposits (Continued)

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 6 – Taxes

Property Taxes

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

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.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

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

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 8 – Defined Benefit Pension Plan

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, 2021.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|-------------------------|----------------------|
| OWDA 4682 | \$38,824 | 4.12% |
| OWDA 7270 | \$87,578 | 2.46% |
| OWDA 7457 | \$309,986 | 2.06% |
| OWDA 7696 | \$172,830 | 3.03% |
| Vinton County National Bank #200374197 | \$8,351 | 2.50% |
| Vinton County National Bank #200354890 | \$78,728 | 4.50% |
| Vinton County National Bank #200631536 | \$20,136 | 2.55% |
| Vinton County National Bank #200631430 | \$40,000 | 2.90% |
| Total | <u><u>\$756,433</u></u> | |

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 10 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loan 4682 relates to a water meter project. 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 requirements.

The Ohio Water Development Authority (OWDA) loan 7270 relates to an undersized water main. 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 in capitalized interest. The Village BPA has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7457 relates to a water main replacement. 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 sufficient utility rates to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7696 relates to a water line replacement. 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 sufficient utility rates to cover OWDA debt service requirements.

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. These 6 annual payments will be taken directly out of the Village's bank account each November 30 for 6 years. Loan payments began in 2017.

The Vinton County National Bank (VCNB) loan #200354890 relates to a truck for the Fire Department and is to be paid from the Fire Fund in 10 annual payments. The loan amount was \$94,522. The loan is collateralized by the fire truck. These 10 annual payments began on January 30, 2020.

The Vinton County National Bank (VCNB) loan #200631536 relates to a siren loan truck for the Fire Department and is to be paid from the General Fund in 10 bi-annual payments. The loan amount was \$25,000. The loan is unsecured. These 10 bi-annual payments began on June 15, 2021.

The Vinton County National Bank (VCNB) loan #200631430 relates to a park loan and is to be paid from the Park Fund in 10 annual payments. The loan amount was \$40,000. The loan is unsecured. These 10 annual payments began on August 15, 2022.

Village of McArthur, Ohio
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 10 – Debt (Continued)

Amortization

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

| OWDA Loan #4682 | OWDA Loan #7270 | OWDA Loan #7457 | OWDA Loan #7696 | VCNB Loan #200374197 | VCNB Loan #200354890 | VCNB Loan #200631536 | VCNB Loan #200631430 |
|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$7,639 | \$7,018 | \$22,874 | \$13,711 | \$9,103 | \$11,946 | \$5,333 | \$4,697 |
| 7,639 | 7,018 | 22,874 | 13,711 | 0 | 11,946 | 5,333 | 4,697 |
| 7,639 | 7,018 | 22,874 | 13,711 | 0 | 11,946 | 5,333 | 4,697 |
| 7,639 | 7,018 | 22,874 | 13,711 | 0 | 11,946 | 0 | 4,697 |
| 7,639 | 7,018 | 22,874 | 13,711 | 0 | 11,946 | 0 | 4,697 |
| 7,639 | 35,087 | 228,739 | 68,555 | 0 | 35,838 | 0 | 23,485 |
| 0 | 35,087 | 114,369 | 68,555 | 0 | 0 | 0 | 0 |
| 0 | 0 | 22,874 | 13,711 | 0 | 0 | 0 | 0 |
| <u>\$45,834</u> | <u>\$105,263</u> | <u>\$480,352</u> | <u>\$219,376</u> | <u>\$9,103</u> | <u>\$95,568</u> | <u>\$15,999</u> | <u>\$46,970</u> |

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:

| <u>Fund Balances</u> | <u>General</u> |
|----------------------|----------------|
| Nonspendable: | |
| Unclaimed Monies | \$549 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Village of McArthur
Vinton County
124 W. Main Street
McArthur, Ohio 45651

To the Village 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* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of McArthur, Vinton County, Ohio (the Village) and have issued our report thereon dated October 9, 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 on the Enterprise Fund and Custodial Fund because we were unable to obtain sufficient appropriate audit evidence supporting the completeness of amounts recorded as Enterprise Fund Charges for Services receipts, and Custodial Fund Fines, Forfeitures and Settlements for Distribution receipts and Other Distribution disbursements.

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 2022-001 and 2022-003 through 2022-008 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2022-001 and 2022-002.

Village's Response to Findings

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

October 9, 2025

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Rev. Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had expenditures in excess of appropriations as follows:

| December 31, 2022 | Appropriations | Expenditures | Variance |
|---|-----------------------|---------------------|-----------------|
| Street Construction, Maintenance, and Repair Fund | \$ 158,974 | \$ 162,251 | \$(3,277) |
| State Highway Fund | 3,488 | 4,994 | (1,506) |
| Parks and Recreation Fund | 10,000 | 17,147 | (7,147) |
| Parks Fund | 19,064 | 47,731 | (28,667) |
| Fire Fund | 157,319 | 214,882 | (57,563) |
| | | | |
| December 31, 2021 | Appropriations | Expenditures | Variance |
| Parks and Recreation Fund | \$ 10,000 | \$ 13,515 | \$(3,515) |
| Parks Fund | 19,064 | 53,137 | (34,073) |
| Law Enforcement Trust Fund | - | 38,909 | (38,909) |
| Fire Fund | 145,614 | 158,516 | (12,902) |
| Coronavirus Relief Fund | 48,000 | 80,980 | (32,980) |
| Water Operating Fund | 258,742 | 264,097 | (5,355) |
| Sewer Operating Fund | 283,975 | 317,418 | (33,443) |

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer, as needed, should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The Village of McArthur will work to correct these issues.

FINDING NUMBER 2022-002

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2022-002 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, Village Council can authorize the drawing of a warrant for the payment of the amount due.

Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time. for any one particular line-item appropriation

3. Super Blanket Certificate – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Due to deficiencies in internal controls, twenty percent of the transactions tested during 2022 and twenty percent of transactions tested at year-end for 2022 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

In addition, instances were found where the use of super blanket certificates were not for specific recurring and reasonably predictable expenses, professional services, fuel, oil, or food items.

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-002 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. Further, a maximum amount for purchase orders should be established. Further, the Village should ensure the super blankets are used for specific recurring and reasonably predictable expenses.

Officials' Response: The Village of McArthur will work to correct these issues.

FINDING NUMBER 2022-003

Material Weakness

The Village should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The following were noted as related to the Village receipt testing for 2022 and 2021:

- \$759 received from the Office of Budget and Management dated July 26, 2021 cleared the State's bank account on August 26, 2021; however, we were unable to determine where the Village recorded this receipt in UAN due to the Village failing to maintain supporting documentation. We were able to verify this was deposited into the Village's bank account;
- \$9,004 posted to the General Fund as miscellaneous receipts in 2021 lacked supporting documentation to ensure the receipt was posted to the correct classification. The projected error of \$9,882 is 4.3% of total general fund receipts;
- \$12,454 posted to the General Fund in 2022 as miscellaneous receipts lacked supporting documentation to ensure the receipt was posted to the correct classification. The projected error of \$13,550 is 5.1% of total general fund receipts.
- \$1,000 posted to the Park Recreation Fund in 2021 as charges for service receipt for t-ball sponsor receipts lacked supporting documentation to ensure receipts were posted to the proper classification. The projected error of \$9,935 is 1% of total Special Revenue Fund receipts;
- \$4,755 posted to the Park Recreation Fund in 2022 as charges for service receipts for spring and fall ball fees, lacked supporting documentation to ensure the receipts were posted to the proper classification. The projected error of \$8,625 is 1% of total Special Revenue Fund receipts.

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period. In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts posted as noted above were posted to the correct fund and account classification.

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-003 (Continued)

Material Weakness (Continued)

The Village Fiscal Officer should monitor receipts and ensure proper support is attached to each UAN receipt and available and organized in a manner to allow for proper transparency and verification.

Officials' Response: The Village of McArthur will work to correct these issues.

FINDING NUMBER 2022-004

Material Weakness

The Village should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village did not maintain supporting documentation and support for 13 and 3 percent of disbursements tested in 2022 and 2021, respectively. Based on the review of the vendors and check copies we were able to perform alternative audit procedures to gain the necessary audit assurances.

We also noted the Village did not maintain support to determine if 3 disbursements to Jackson Brothers Construction, totaling \$52,800 in 2021, were for a single project or multiple projects. We were unable to determine if these disbursements were for a single project subject to bidding requirements or were for multiple projects.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices for all financial transactions and records should be maintained in an orderly manner to support all transactions.

Officials' Response: The Village of McArthur will work to correct these issues.

FINDING NUMBER 2022-005

Material Weakness

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.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications:

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-005 (Continued)

Material Weakness (Continued)

In 2021:

- General Fund intergovernmental receipts of \$7,714 were incorrectly classified as property tax receipts;
- General Fund loan proceeds receipt of \$25,000 and miscellaneous receipts of \$2,074 were incorrectly classified as other financing source receipts;
- General Fund security of persons and property disbursements of \$17,352 were incorrectly classified as general government disbursements;
- Park Fund loan proceeds of \$39,750 were incorrectly classified as a special item receipt and interest and fiscal charge disbursement of \$250 was unrecorded;
- Law Enforcement Trust Fund security of persons and property disbursements of \$38,909 were incorrectly classified as general government disbursements;
- Park Fund miscellaneous receipts of \$18,193 and Other Special Revenue Fund miscellaneous receipts of \$390 were incorrectly classified as special item receipts; and
- Street Construction Maintenance and Repair Fund intergovernmental receipts and transportation disbursements of \$307,497 were unrecorded due to the Village not recording on behalf grant project activity.

In 2022:

- General Fund intergovernmental receipts of \$8,253 were incorrectly classified as property tax receipts;
- General Fund intergovernmental receipts of \$5,114 were incorrectly posted to the Park Fund as intergovernmental receipts;
- General Fund miscellaneous receipts of \$8,759 were incorrectly classified as other financing sources;
- General Fund miscellaneous receipts of \$34,364 were incorrectly classified as extraordinary item receipts;
- Street Construction Maintenance and Repair Fund intergovernmental receipts and transportation disbursements of \$28,996 were unrecorded due to the Village not recording on behalf grant project activity; and
- Sewer Operating Fund intergovernmental receipts and capital outlay disbursements of \$481,982 were incorrectly recorded in the Coronavirus Relief Fund.

Due to lack of understanding of UAN account codes and proper classifications, the Fiscal Officer made classification errors in posting of receipts and disbursements. This caused the classifications errors noted above.

The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Village Officer's Handbook for guidance on the correct line item and fund type to post various receipts and disbursements of the Village to ensure the Village's financial statements are complete and accurate.

Officials' Response: The Village of McArthur will work to correct these issues.

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-006

Material Weakness

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.

The Utility Clerk provided the Board of Public Affairs with handwritten monthly collection recap sheets indicating amounts received between Water and Sewer accounts, including connection fees at monthly meetings. In addition, monthly handwritten recap sheets were on file indicating reconciliations between the Utility system and UAN were completed. These recap sheets agreed to receipt amounts posted to UAN.

When reconciling the cash receipt journals by month from the Utility System (Software Solutions System) to the amounts recorded in the UAN system as Water/Sewer utility receipts, the Software Solutions System reported \$630 and \$8,506 more in revenues collected for calendar year 2022 and 2021, respectively, than recorded in the UAN system for the Water and Sewer Funds and deposited with the bank. The Village was unable to provide audit evidence to support the completeness of the amounts reported in the Enterprise Fund as charge for receipts for 2022 and 2021. Due to the lack of audit evidence, any necessary adjustments to the financial statements for this issue was undeterminable and we were unable to express an opinion on the Village's Proprietary opinion unit.

Failure to reconcile actual revenues recorded in the Software Solutions System to the amounts recorded in the UAN system resulted in unaccounted utility charge for service collections. In addition, failure to deposit all receipts collected could result in a finding for recovery for revenue collected but unaccounted for.

The Village Utility Clerk, Council, and Board of Public Affairs should implement procedures and segregation of duties to reconcile monthly collections as recorded in the Software Solutions System to the amounts recorded in UAN for each month to ensure all receipts are accounted for. If any discrepancies are found, these differences should be investigated and the source/cause determined.

Officials' Response: The Village of McArthur will work to correct these issues.

FINDING NUMBER 2022-007

Material Weakness

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.

The Village no longer had a Mayor's Court during 2022 and 2021 as all tickets issued by the Village are now handled by the County Court. However, the Village still collects payment for old cases. For 2022 and 2021, the Village Mayor's Court did not maintain a cashbook ledger to document when money was received, from whom, date received, and allocation of fine/fees to the State and Village.

**VILLAGE OF MCARTHUR
VINTON COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2022-007 (Continued)

Material Weakness (Continued)

The Fiscal Officer recorded memo receipts and disbursements to the Mayor's Court Custodial Fund based on the activity from the Mayor's Court bank statements each month for 2022 and 2021.

For 2021, the Village's Mayor's Court Custodial Fund recorded \$1,533 in receipts and disbursements and for 2022, the Village's Mayor's Court Custodial Fund recorded \$217 in receipts. However, the Village did not have any underlying support, such as the ticket issued, completed docket, or cashbook. We were unable to determine how many individuals made payments in 2021 or 2022 to perform testing and had only a duplicate receipt as support for the amount received. In addition, no documentation was on file to verify the correct amount was received based on the violation. Lastly, the Village made disbursements to the State and Village in April and May 2021 for collections received for March and April 2021; however, no cashbook was maintained to test the allocation of payments received between the Village and State and the 2022 receipt was not yet distributed. Additionally, bank reconciliations were not performed for the months for which activity occurred.

As such, we were unable to satisfy ourselves as to the completeness of Fines, Licenses, and Permits for Distribution and Other Disbursements in the amount of \$1,533 each in the Mayor's Court Custodial Fund for 2021 and the Fines, Licenses, and Permits for Distribution in the amount of \$217 in the Mayor's Court Custodial Fund for 2022. These amounts represent 100 percent of receipts and disbursements of the Custodial Fund for the years ended December 31, 2021 and 2022. We have modified the opinion in the Independent Auditor's Report accordingly.

Inadequate supporting documentation eliminates a significant control, obscures the audit trail and provides opportunities for errors and irregularities to occur and not be detected by management in a timely manner. Due to the lack of incomplete supporting documentation, completeness could not be determined over Mayor's Court activity.

The Mayor's Court Clerk should complete a monthly cashbook showing collections, distributions and book balance for each month. This cashbook should include the following information:

- Payee
- Amount received
- Date received
- Case Number
- Allocation of amount received
- Total due to various agencies
- Check #, date, amount, and payee for monthly disbursements
- Reconciliation of bank to book balance

Further, all supporting documentation for each payment received should be maintained.

Officials' Response: The Village of McArthur will work to correct these issues.

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-008

Material Weakness

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village 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 Village Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

On December 31, 2022, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

| | Approved | UAN System | Variance |
|---------------------------|-----------|------------|------------|
| Parks and Recreation Fund | \$ 10,000 | \$ 21,967 | \$(11,967) |
| Parks Fund | 18,100 | 29,625 | (11,525) |
| Police Levy Fund | 157,500 | 289,500 | (132,000) |
| Fire Fund | 104,200 | 118,091 | (13,891) |

On December 31, 2021, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

| | Approved | UAN System | Variance |
|---|-----------|------------|------------|
| General Fund | \$209,698 | \$ 226,003 | \$(16,305) |
| Street Construction, Maintenance, and Repair Fund | 429,097 | 468,051 | (38,954) |
| State Highway Fund | 4,815 | 8,650 | (3,835) |
| Parks and Recreation Fund | 10,000 | 12,954 | (2,954) |
| Parks Fund | 57,850 | 77,438 | (19,588) |
| Drug Law Enforcement Fund | 38,909 | - | 38,909 |
| Police Levy Fund | 157,500 | 172,193 | (14,693) |
| Fire Fund | 104,200 | 253,594 | (149,394) |
| Street Light Fund | 27,470 | 31,265 | (3,795) |
| Coronavirus Relief Fund | 47,323 | 86,111 | (38,788) |
| Water Operating Fund | 272,417 | 219,884 | 52,533 |
| Water Meter Fund | 7,369 | 3,660 | 3,709 |
| Sewer Operating Fund | 283,975 | 268,781 | 15,194 |

**VILLAGE OF MCARTHUR
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2022-008 (Continued)

Material Weakness (Continued)

On December 31, 2022, appropriations approved did not agree to UAN as follows:

| | Approved | UAN System | Variance |
|---|-----------|------------|-------------|
| General Fund | \$312,424 | \$ 350,863 | \$ (38,439) |
| Street Construction Maintenance and Repair Fund | 158,974 | 178,218 | (19,244) |
| State Highway Fund | 3,448 | 6,348 | (2,900) |
| Parks and Recreation Fund | 10,000 | 20,100 | (10,100) |
| Park Fund | 19,064 | 49,236 | (30,172) |
| Police Levy Fund | 184,601 | 217,568 | (32,967) |
| Fire Fund | 157,319 | 248,475 | (91,156) |
| Water Operating Fund | 258,741 | 281,241 | (22,500) |
| Sewer Operating Fund | 765,956 | 832,815 | (66,859) |

On December 31, 2021, appropriations approved did not agree to UAN as follows:

| | Approved | UAN System | Variance |
|---|------------|------------|-----------|
| General Fund | \$ 249,878 | \$ 198,437 | \$ 51,441 |
| Street Construction Maintenance and Repair Fund | 434,580 | 405,871 | 28,709 |
| Parks and Recreation Fund | 10,000 | 13,516 | (3,516) |
| Parks Fund | 19,064 | 53,552 | (34,488) |
| Law Enforcement Trust Fund | - | 38,909 | (38,909) |
| Police Levy Fund | 202,601 | 173,541 | 29,060 |
| Fire Fund | 145,614 | 164,240 | (18,626) |
| Coronavirus Relief Fund | 48,000 | 86,499 | (38,499) |
| Street Light Levy Fund | 32,950 | 29,959 | 2,991 |
| Water Operating Fund | 258,742 | 264,404 | (5,662) |
| Sewer Operating Fund | 283,975 | 318,587 | (34,612) |

Special Revenue estimated receipts as approved by the Budget Commission were overstated \$169,385 in the notes to the financial statements on December 31, 2022.

General Fund estimated receipts as approved by the Budget Commission were overstated \$16,305 while Special Revenue and Enterprise Fund types were understated \$233,091 and \$70,681, respectively, in the notes to the financial statements on December 31, 2021.

General, Special Revenue, and Enterprise Fund type approved Board appropriations were overstated \$38,439, \$186,540, and \$89,360, respectively, in the notes to the financial statements on December 31, 2022.

General Fund approved Board appropriations were understated \$51,441 while Special Revenue and Enterprise Fund types were overstated \$72,886 and \$40,274, respectively, in the notes to the financial statements on December 31, 2021.

**VILLAGE OF MCARTHUR
VINTON COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2022-008 (Continued)

Material Weakness (Continued)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. This resulted in errors to the Budgetary Activity Note to the Financial Statements. The audited notes to the financial statements have been adjusted to reflect amounts approved by Village Council. The Village management has agreed to the adjustments to the Budgetary Activity Note for 2022 and 2021.

The appropriations (and/or amendments thereof) approved by Village Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources 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 financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Village Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: The Village of McArthur will work to correct these issues.

VILLAGE OF MCARTHUR, VINTON COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------|--|
| 2020-001 | Noncompliance-Ohio Rev. Code § 149.351 – not maintaining disbursement support. | Not Corrected | The Village of McArthur will work to correct these issues. |
| 2020-002 | Noncompliance- Ohio Rev. Code § 5705.41(B) relating to expenditures exceeding appropriations | Not Corrected | The Village of McArthur will work to correct these issues. |
| 2020-003 | Noncompliance- Ohio Rev. Code § 5705.41(D)(1) relating to certification of expenditures | Not Corrected | The Village of McArthur will work to correct these issues. |
| 2020-004 | Material Weakness - Bank reconciliation errors, not completing timely, and unrecorded activity | Corrected. | |
| 2020-005 | Material Weakness - Financial statement errors | Not Corrected | The Village of McArthur will work to correct these issues. |
| 2020-006 | Material Weakness - Approved budgeted amounts did not agree to system or amounts included in the notes to the financial statements | Not Corrected | The Village of McArthur will work to correct these issues. |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MCARTHUR

VINTON 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 11/6/2025

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

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