

# **VILLAGE OF MARSHALLVILLE**

**WAYNE COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 & 2021**





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Members of the Village Council  
Village of Marshallville  
7 North Main Street  
Marshallville, OH 44645

We have reviewed the *Independent Auditor's Report* of the Village of Marshallville, Wayne County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

April 29, 2024

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**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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**Independent Auditor's Report**

Village of Marshallville  
Wayne County  
7 North Main Street  
Marshallville, Ohio 44645

To the Members of the Village Council:

**Report on the Audit of the Financial Statements*****Unmodified and Adverse Opinions***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Marshallville, Wayne County, Ohio, 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 and proprietary fund type and the fiduciary fund type combined total of the Village of Marshallville, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Marshallville, as of December 31, 2022 and 2021, or changes in financial position, and 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 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 of Marshallville 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 of Marshallville on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Marshallville'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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Marshallville'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.



Village of Marshallville  
Wayne County  
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Marshallville'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 March 7, 2024 on our consideration of the Village of Marshallville's internal control over financial reporting and on 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 of Marshallville'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 of Marshallville's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
March 7, 2024

**Village of Marshallville, Ohio**  
*Wayne 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 29,860	\$ -	\$ -	\$ 29,860
Municipal Income Tax	111,973	-	12,061	124,034
Intergovernmental	24,991	99,446	-	124,437
Charges for Services	2,415	-	-	2,415
Fines, Licenses and Permits	14,247	759	-	15,006
Earnings on Investments	186	-	-	186
Miscellaneous	4,592	83,183	-	87,775
<i>Total Cash Receipts</i>	<u>188,264</u>	<u>183,388</u>	<u>12,061</u>	<u>383,713</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	93,983	-	-	93,983
Public Health Services	1,560	-	-	1,560
Leisure Time Activities	16,201	-	-	16,201
Transportation	3,817	130,696	-	134,513
General Government	75,305	29,773	-	105,078
Capital Outlay	-	-	9,250	9,250
<i>Total Cash Disbursements</i>	<u>190,866</u>	<u>160,469</u>	<u>9,250</u>	<u>360,585</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,602)</u>	<u>22,919</u>	<u>2,811</u>	<u>23,128</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Uses	(3,424)	-	-	(3,424)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,424)</u>	<u>-</u>	<u>-</u>	<u>(3,424)</u>
<i>Net Change in Fund Cash Balances</i>	(6,026)	22,919	2,811	19,704
<i>Fund Cash Balances, January 1</i>	<u>202,574</u>	<u>226,401</u>	<u>42,450</u>	<u>471,425</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 196,548</u>	<u>\$ 249,320</u>	<u>\$ 45,261</u>	<u>\$ 491,129</u>

*See accompanying notes to the financial statements*

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

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,248,934
Miscellaneous	11,902
	<u>1,260,836</u>
<i>Total Operating Cash Receipts</i>	<i>1,260,836</i>
<b>Operating Cash Disbursements</b>	
Personal Services	169,669
Transportation	2,697
Contractual Services	838,655
Supplies and Materials	193,641
	<u>1,204,662</u>
<i>Total Operating Cash Disbursements</i>	<i>1,204,662</i>
<i>Operating Income (Loss)</i>	<i>56,174</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	60,232
Principal Retirement	(71,199)
Interest and Other Fiscal Charges	(2,816)
Other Financing Sources	7,700
Other Financing Uses	(5,920)
	<u>(12,003)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(12,003)</i>
<i>Net Change in Fund Cash Balances</i>	<i>44,171</i>
<i>Fund Cash Balances, January 1</i>	<i>269,815</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 313,986</i>

*See accompanying notes to the financial statements*

**Village of Marshallville, Ohio**  
*Wayne County*  
*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
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 9,868
<i>Total Additions</i>	9,868
<b>Deductions</b>	
Distributions to Other Governments	2,251
Distributions to Other Funds (Primary Gov't)	7,124
<i>Total Deductions</i>	9,375
<i>Net Change in Fund Balances</i>	493
<i>Fund Cash Balances, January 1</i>	123
<i>Fund Cash Balances, December 31</i>	\$ 616

*See accompanying notes to the financial statements*

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

**Jointly Governed Organization and Public Entity Risk Pools**

The Village participates in a jointly governed organization and two public entity risk pools. Notes 6 and 11 to the financial statements provide additional information for these entities. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type 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.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Capital Outlay Fund***

This fund receives a portion of income tax receipts. The proceeds are being used for capital disbursements.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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.

***Electric Fund***

The electric fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

**Fiduciary Funds** Fiduciary funds include custodial funds.

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 activity.

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) for the fiduciary fund type. 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/department level for the General Fund and the fund level for all other funds, which is the legal 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.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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 canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

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

**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.

**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.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

<u>Fund Type</u>	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 339,900	\$ 188,264	\$ (151,636)
Special Revenue	209,000	183,388	(25,612)
Capital Projects	23,500	12,061	(11,439)
Enterprise	1,286,000	1,328,768	42,768
Fiduciary	17,000	9,868	(7,132)
<b>TOTAL</b>	<u>\$ 1,875,400</u>	<u>\$ 1,722,349</u>	<u>\$ (153,051)</u>

<u>Fund Type</u>	2022 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 323,400	\$ 194,290	\$ 129,110
Special Revenue	173,870	160,469	13,401
Capital Projects	10,000	9,250	750
Enterprise	1,381,000	1,284,597	96,403
Fiduciary	10,000	9,375	625
<b>TOTAL</b>	<u>\$ 1,898,270</u>	<u>\$ 1,657,981</u>	<u>\$ 240,289</u>

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits.



**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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A summary of the Village's deposit accounts are as follows:

	<u>2022</u>
Demand deposits	\$805,731

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The disbursements included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents unremitted employee payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management**

***Workers' Compensation***

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Social Security***

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

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

**Note 8 – Postemployment Benefits**

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

**Note 9 - Debt**

Debt outstanding at December 31, 2022 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OWDA 5249 - Water Treatment Plant Replacement	\$60,232	0.00%
OPWC CT70T - SR 94 Main St. Waterline Replacement	\$7,834	0.00%
OWDA 5249 - WWTP Improvements	\$248,386	0.00%
OWDA - 8236 Asset Management Plan	\$6,609	0.00%
Capmark Mortgage Revenue - #01-049500-3	\$7,000	7.13%
Capmark Mortgage Revenue - #01-049500-5	\$14,100	5.00%
Total	\$344,161	

Additionally, the Village has drawn down on Ohio Water Development Authority (OWDA) Loan #9456 related to the Water Treatment Plant Replacement in the amount of \$60,232. The loan is not fully distributed and thus no loan amortization is available yet.

The OWDA loans relate to water and sewer system improvements. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Ohio Public Works Commission (OPWC) loan was for water projects. Water receipts collateralize the loan. The Mortgage Revenue Bonds were for various water improvement projects. These issues will be retired by water revenues. The Village has agreed to set utility rates in amounts sufficient to cover debt requirements.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	Mortgage Revenue Bonds
2023	\$505	\$35,455	\$6,104
2024	505	33,252	6,025
2025	505	31,049	6,034
2026	505	31,049	6,025
2027	505	31,049	-
2028-2032	2,527	93,141	-
2033-2037	2,527	-	-
2038	255	-	-
Total	\$7,834	\$254,995	\$24,188

**Note 10 – Contingent Liabilities**

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

**Note 11 – Jointly Governed Organization**

The East Wayne Fire District (District) is a jointly governed organization of 3 government entities, created as a fire district under State statute. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member, and in addition, on a rotating basis, an at-large member is appointed. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

The Village had no outstanding encumbrances at December 31, 2022.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in May of 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Note 14 – Noncompliance**

The Village was in noncompliance with Ohio Revised Code Section 5705.38(C) which requires minimum levels of budgetary control.

**Note 15 – Miscellaneous Receipts**

The Miscellaneous receipts in the Special Revenue Fund Type relates to reimbursements from the Wayne County Community Foundation for repairs to the Village fire station.

**Village of Marshallville, Ohio**  
*Wayne 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 47,606	\$ 1,923	\$ -	\$ 49,529
Municipal Income Tax	100,063	-	10,678	110,741
Intergovernmental	23,486	98,695	-	122,181
Charges for Services	1,375	-	-	1,375
Fines, Licenses and Permits	15,513	1,012	-	16,525
Earnings on Investments	187	-	-	187
Miscellaneous	10,350	4,500	-	14,850
<i>Total Cash Receipts</i>	<u>198,580</u>	<u>106,130</u>	<u>10,678</u>	<u>315,388</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	74,940	-	-	74,940
Public Health Services	1,500	-	-	1,500
Leisure Time Activities	5,030	-	-	5,030
Transportation	3,566	33,475	-	37,041
General Government	86,821	41,339	-	128,160
Capital Outlay	-	-	10,038	10,038
<i>Total Cash Disbursements</i>	<u>171,857</u>	<u>74,814</u>	<u>10,038</u>	<u>256,709</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,723</u>	<u>31,316</u>	<u>640</u>	<u>58,679</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Uses	(3,965)	-	-	(3,965)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,965)</u>	<u>-</u>	<u>-</u>	<u>(3,965)</u>
<i>Net Change in Fund Cash Balances</i>	22,758	31,316	640	54,714
<i>Fund Cash Balances, January 1</i>	<u>179,816</u>	<u>195,085</u>	<u>41,810</u>	<u>416,711</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 202,574</u>	<u>\$ 226,401</u>	<u>\$ 42,450</u>	<u>\$ 471,425</u>

*See accompanying notes to the financial statements*

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

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,219,419
Miscellaneous	5,964
	<u>1,225,383</u>
<i>Total Operating Cash Receipts</i>	<i>1,225,383</i>
<b>Operating Cash Disbursements</b>	
Personal Services	157,280
Contractual Services	758,937
Supplies and Materials	184,232
	<u>1,100,449</u>
<i>Total Operating Cash Disbursements</i>	<i>1,100,449</i>
<i>Operating Income (Loss)</i>	<i>124,934</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(143,076)
Interest and Other Fiscal Charges	(6,671)
Other Financing Sources	4,875
Other Financing Uses	(2,950)
	<u>(147,822)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(147,822)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(22,888)</i>
<i>Fund Cash Balances, January 1</i>	<i>292,703</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ <u>269,815</u></i>

*See accompanying notes to the financial statements*

**Village of Marshallville, Ohio**  
*Wayne County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2021*

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 6,501
<i>Total Additions</i>	6,501
<b>Deductions</b>	
Distributions to Other Governments	1,653
Distributions to Other Funds (Primary Gov't)	7,961
<i>Total Deductions</i>	9,614
<i>Net Change in Fund Balances</i>	(3,113)
<i>Fund Cash Balances, January 1</i>	3,236
<i>Fund Cash Balances, December 31</i>	\$ 123

*See accompanying notes to the financial statements*



**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

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

**Jointly Governed Organization and Public Entity Risk Pools**

The Village participates in a jointly governed organization and two public entity risk pools. Notes 6 and 11 to the financial statements provide additional information for these entities. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair***

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

***COVID-19 Fund***

The fund accounts for and reports CARES monies received that were either spent on behalf of another government or for appropriate uses.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Capital Outlay Fund***

This fund receives a portion of income tax receipts. The proceeds are being used for capital disbursements.

**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.

***Electric Fund***

The electric fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

**Fiduciary Funds** Fiduciary funds include custodial funds.

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 activity.

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 statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type. 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/department level for the General Fund and the fund level for all other funds, which is the legal 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***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.

***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.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

<u>Fund Type</u>	<u>2021 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 181,100	\$ 198,580	\$ 17,480
Special Revenue	167,700	106,130	(61,570)
Capital Projects	12,000	10,678	(1,322)
Enterprise	1,310,400	1,230,258	(80,142)
Fiduciary	<u>14,000</u>	<u>6,501</u>	<u>(7,499)</u>
<b>TOTAL</b>	<u>\$ 1,685,200</u>	<u>\$ 1,552,147</u>	<u>\$ (133,053)</u>

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 304,300	\$ 175,822	\$ 128,478
Special Revenue	115,800	74,814	40,986
Capital Projects	11,000	10,038	962
Enterprise	1,295,400	1,253,146	42,254
Fiduciary	14,000	9,614	4,386
<b>TOTAL</b>	<u>\$ 1,740,500</u>	<u>\$ 1,523,434</u>	<u>\$ 217,066</u>

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits.

A summary of the Village’s deposit accounts are as follows:

Demand deposits	<u>2021</u> \$741,363
-----------------	--------------------------

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The disbursements included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents unremitted employee payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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.

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

***Workers' Compensation***

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$ 14,974,099

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 8 – Postemployment Benefits**

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

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 - Debt**

Debt outstanding at December 31, 2021 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OPWC CT70T - SR 94 Main St. Waterline Replacement	\$8,339	0.00%
OPWC CP17C - Waterline Replacement Project Phase 2	\$3,637	0.00%
OWDA 5249 - WWTP Improvements	\$279,435	0.00%
OWDA - 8236 Asset Management Plan	\$11,016	0.00%
Capmark Mortgage Revenue - #01-049500-1	\$27,000	5.00%
Capmark Mortgage Revenue - #01-049500-3	\$8,500	7.13%
Capmark Mortgage Revenue - #01-049500-5	\$17,200	5.00%
Total	\$355,127	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer system improvements.

Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Ohio Public Works Commission (OPWC) loans were for water projects. Water receipts collateralize the loans. The Mortgage Revenue Bonds were for various water improvement projects. These issues will be retired by water revenues. The Village has agreed to set utility rates in amounts sufficient to cover debt requirements.

***Amortization***

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

Year ending		OWDA	Mortgage
December 31:	OPWC Loans	Loans	Revenue Bonds
2022	\$4,143	\$35,455	\$34,416
2023	505	35,455	6,104
2024	505	33,252	6,025
2025	505	31,049	6,034
2026	505	31,049	6,025
2027-2031	2,527	124,191	-
2032-2036	2,527	-	-
2037-2038	759	-	-
Total	\$11,976	\$290,451	\$58,604



**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Jointly Governed Organization**

The East Wayne Fire District (District) is a jointly governed organization of 3 government entities, created as a fire district under State statute. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member, and in addition, on a rotating basis, an at-large member is appointed. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

The Village had no outstanding encumbrances at December 31, 2021.

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

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in May of 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Note 14 – Noncompliance**

- The Village was in noncompliance with Ohio Revised Code Section 5705.38(C) which requires minimum levels of budgetary control.
- The Village was in noncompliance with Ohio Revised Code Section 5705.10(I) which requires money paid into any fund shall be used only for the purpose for which such fund is established, Ohio Revised Code Section 5727.81 which describes the requirements for excise tax levied on electric distribution companies, and Ohio Revised Code Section 5705.10(D) which requires that revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

**Village of Marshallville, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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- The Village is in noncompliance with Ohio Revised Code Section 5705.36 which requires proper certification of audited unencumbered fund balances in a timely manner at the beginning of each year.

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

Village of Marshallville  
Wayne County  
7 North Main Street  
Marshallville, Ohio 44645

To the Members of 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Marshallville, Wayne County, Ohio, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated March 7, 2024, wherein we noted as described in Note 2 to the financial statements, the Village of Marshallville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Marshallville’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 of Marshallville’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Marshallville’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 of Marshallville’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-003, and 2022-004 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Marshallville’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 of schedule of findings and responses as items 2022-002 through 2022-004.

Village of Marshallville

Wayne County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Village of Marshallville's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village of Marshallville's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Marshallville'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 of Marshallville'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 of Marshallville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

March 7, 2024

**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements for the years ended December 31, 2022 and 2021, respectively.

2022:

- General fund transfers out and income tax receipts were decreased by \$12,061, and Capital Projects fund transfers in were decreased and income tax receipts were increased by \$12,061, to record the specific revenue source.
- General fund transfers in and transfers out were both decreased in the amount of \$108,548, to eliminate transfers from the income tax fund to the general fund due to GASB 54 requirements.
- General fund transfers in were decreased and beginning fund cash balance was increased by \$21,085, and Enterprise fund (Proprietary Fund Type) electric transfers out were decreased and beginning fund cash balance was decreased by \$21,085, to remove the 2021 inside kilowatt hour tax included in the 2022 HINKLE report activity and the related beginning fund cash balances.
- Enterprise fund (Proprietary Fund Type) water miscellaneous receipts were decreased by \$60,232 and loans issued receipts were increased by \$60,232, to properly record proceeds from an OWDA loan related to the Village’s Water Treatment Plant Replacement.

2021:

- General fund property and other local taxes and cash were increased by \$21,085, and Enterprise fund electric charges for services receipts and cash were decreased by \$21,085, due to the Village not properly remitting to the General fund the inside kilowatt hour tax amounts for all of 2021 until 2022.
- General Fund beginning fund cash balance was decreased by \$7,179, and intergovernmental receipts were increased by \$7,179. Special Revenue fund - street, construction, maintenance, and repair beginning fund cash balance was increased by \$11,006, and intergovernmental receipts were decreased by \$11,006. Special Revenue fund fire beginning fund cash balance were increased by \$1,874, and miscellaneous receipts were decreased by \$1,874, and Special Revenue fund state highway beginning fund cash balance was increased by \$3,389, and intergovernmental receipts were decreased by \$3,389. Special Revenue fund court computer beginning fund cash balance was increased by \$45, and fines, licenses and permits receipts were decreased by \$45. Special Revenue fund COVID-19 beginning fund cash balance was increased by \$32,115, and intergovernmental receipts were decreased by \$32,115. Enterprise fund (Proprietary Fund Type) – electric beginning fund cash balance was decreased by \$41,250, and charges for services receipts were increased by \$41,250. These adjustments were to properly remove prior year audit adjustments included in 2021 HINKLE report activity and the related beginning fund cash balances.

**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2022-001 – (Continued)

- General fund transfers out and income tax receipts were decreased by \$10,678, and Capital Projects fund transfers in were decreased and income tax receipts were increased by \$10,678, to record the specific revenue source.

The amounts have been adjusted to the Village's financial statements and financial accounting system.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

*Client Response:* The Village Fiscal Officer will more closely examine the unaudited report prior to filing with the HINKLE system and will consider above adjustments in future years.

Finding Number	2022-002
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Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not properly re-certify audited unencumbered fund balances to the County Auditor as of January 1, 2021.

Not properly certifying its audited unencumbered fund balances to the County Auditor as required by law could inhibit the Village's budgeting process.

We recommend the Village consult the Ohio Compliance Supplement, the Village Officer’s Handbook and its auditors to ensure that Village fund balances agree to audited reports. This will facilitate the Village’s appropriation process.

*Client Response:* The Village will resubmit certified balances to the County in future years, should overall fund balances require adjustment due to audit adjustments.

**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2022-003

Material Weakness/Noncompliance – Legal Level of Control

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

For 2022 and 2021, appropriations were approved at the Fund/Department level for the general fund and at the fund level for all other funds.

Not appropriating at the legal level of control inhibits the Council’s ability to appropriately monitor appropriations and spending. It also does not meet the requirements of the applicable Ohio Revised Code Section.

We recommend the Council approve annual and subsequent appropriations at the appropriate legal level as required by the Ohio Revised Code. This will enable the Council to appropriately monitor spending.

Client Response: We will evaluate updating future permanent appropriations to the allowable legal level.

Finding Number	2022-004
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Material Weakness/Noncompliance – Receipt of Funds and Kilowatt Hour Tax Receipts

Ohio Revised Code Section 5705.10(I) requires money paid into any fund shall be used only for the purposes for which such fund is established. Ohio Revised Code Section 5727.81 further describes the requirements for excise tax levied on electric distribution companies. Ohio Revised code Section 5705.10(D) states, in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

For 2021, the Village did not record the “inside” portion of the electric kilowatt hour tax revenues into the General Fund. The Village did pay the “outside” portion of electric kilowatt hour tax revenues, due to the state, properly from the Enterprise Fund (Proprietary Fund Type) electric fund.

The result of the electric kilowatt hour tax condition described above netted \$21,085 in 2021, that was maintained in the Enterprise fund (Proprietary Fund Type) electric fund and should have been maintained in the General fund. The Village recorded this as a transfer during 2022 (see finding 2022-001).

We recommend the Village closely monitor the monthly reports to ensure the proper amounts are paid into and out of (if applicable) the proper funds.

Client Response: We approved an ordinance in 2022 to maintain the inside kilowatt in the Enterprise fund (Proprietary Fund Type) electric fund.

**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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

<b><u>Finding Number</u></b>	<b><u>Year Initially Occurred</u></b>	<b><u>Finding Summary</u></b>	<b><u>Status</u></b>	<b><u>Additional Information</u></b>
2020-001	2016	<u>Material Weakness – Financial Statement Presentation</u> – Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Village had numerous adjustments to the accounting system and financial statements.	Not Corrected	Repeated as Finding 2022-001 as adjustments were necessary to properly state financial statement amounts.
2020-002	2020	<u>Noncompliance</u> - The Village did not properly certify its audited unencumbered balances at January 1, 2019, in noncompliance with Ohio Revised Code Section 5705.36.	Not Corrected	Repeated as Finding 2022-002 as the Village did not properly certify its audited unencumbered fund balances.
2020-003	2020	<u>Material Weakness/Noncompliance – Coronavirus Relief Funds</u> - The Village did not properly establish a separate fund for the Coronavirus Relief Fund, as required by Ohio Revised Code Section 5705.09(F).	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-004	2020	<u>Material Weakness/Noncompliance – Legal Level of Control</u> - The Village did not approve appropriations at the minimum, allowable legal level of control, in noncompliance with Ohio Revised Code Section 5705.38(C).	Not Corrected	Repeated as Finding 2022-003 as the Village did not approve appropriations at the minimum legal level of control.
2020-005	2016	<u>Material Weakness/Noncompliance – Revenue Posting Error</u> – Ohio Revised Code Section 5735.28, requires seven and one-half percent of the amount of gasoline excise tax and state and local government highway revenues to be credited to the State Highway Fund when a municipal corporation is on the line of the state highway system. The Village did not properly credit these amounts to the State Highway Fund.	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-006	2020	<u>Noncompliance – Disbursements in Excess of Appropriations</u> - The Village had disbursements exceeding appropriations in certain funds in noncompliance with Ohio Revised Code Section 5705.41(B).	Corrective Action Taken and Finding is Fully Corrected	N/A



**VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY, OHIO**

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

<b><u>Finding Number</u></b>	<b><u>Year Initially Occurred</u></b>	<b><u>Finding Summary</u></b>	<b><u>Status</u></b>	<b><u>Additional Information</u></b>
2020-007	2020	<u>Noncompliance – Amended and Supplemental Appropriations</u> – The Village did not timely or properly modify its appropriations or monitor appropriations versus disbursements in noncompliance with Ohio Revised Code Section 5705.40.	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-008	2018	<u>Material Weakness/Noncompliance – Receipt of Funds and Kilowatt Hour Tax Receipts</u> – Ohio Revised Code Sections 5705.10(D) and 5705.10(I) stipulate the requirements of certain receipts of funds and the use of such funds. The Village did not properly record the inside portion of the electric kilowatt hour tax receipts in the Village’s General fund. Additionally, certain homestead and rollback, gasoline excise tax, permissive motor vehicle license fees and motor vehicle license receipts were not properly posted to the correct fund(s).	Not Corrected	Repeated as Finding 2022-004 as the Village did not properly record the inside kilowatt hour tax from the Enterprise fund (Proprietary Fund Type) to the General Fund.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MARSHALLVILLE**

**WAYNE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/9/2024**

88 East Broad 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](http://www.ohioauditor.gov)