

**VILLAGE OF MCGUFFEY
HARDIN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of McGuffey
P.O. Box 304
McGuffey, OH 45859

We have reviewed the *Independent Auditor's Report* of the Village of McGuffey, Hardin County, prepared by Gueye & Associates, CPA, 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 McGuffey is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 05, 2023

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**VILLAGE OF MCGUFFEY
HARDIN COUNTY
DECEMBER 31, 2022 AND 2021
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INDEPENDENT AUDITOR'S REPORT

Village of McGuffey
Hardin County
404 Courtright Street
P.O. Box 304
McGuffey, Ohio 45859

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, and December 31, 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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


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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, 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.



Columbus, Ohio
July 31, 2023

MCGUFFEY VILLAGE, HARDIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 6,867	\$ 13,166	\$ 20,033
Municipal Income Tax	63,928	-	63,928
Intergovernmental	16,393	59,398	75,791
Fines, Licenses and Permits	3,432	-	3,432
Earnings on Investments	108	41	149
Miscellaneous	20,209	-	20,209
<i>Total Cash Receipts</i>	<u>110,937</u>	<u>72,605</u>	<u>183,542</u>
Cash Disbursements			
Current:			
Security of Persons & Property	1	12,319	12,320
Public Health Services	2,287	-	2,287
Leisure Time Activities	178	-	178
Basic Utility Services	-	1,746	1,746
Transportation	1,257	39,513	40,770
General Government	94,969	938	95,907
Capital Outlay	404	48,255	48,659
Debt Service:			
Principal Retirement	1,109	3,328	4,437
Interest and Fiscal Charges	144	433	577
<i>Total Cash Disbursements</i>	<u>100,349</u>	<u>106,532</u>	<u>206,881</u>
<i>Net Change in Fund Cash Balances</i>	10,588	(33,927)	(23,339)
<i>Fund Cash Balances, January 1</i>	<u>54,736</u>	<u>176,787</u>	<u>231,523</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 65,324</u>	<u>\$ 142,860</u>	<u>\$ 208,184</u>

See accompanying notes to the basic financial statements

MCGUFFEY VILLAGE, HARDIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 303,985
Miscellaneous	27,781
<i>Total Operating Cash Receipts</i>	<i>331,766</i>
Operating Cash Disbursements	
Personal Services	51,495
Employee Fringe Benefits	8,343
Contractual Services	129,183
Supplies and Materials	32,836
<i>Total Operating Cash Disbursements</i>	<i>221,857</i>
<i>Operating Income (Loss)</i>	<i>109,909</i>
Non-Operating Receipts (Disbursements)	
Special Assessment	7,233
Miscellaneous Receipts	488
Capital Outlay	(26,953)
Principal Retirement	(32,422)
Interest and Other Fiscal Charges	(2,139)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(53,793)</i>
 <i>Net Change in Fund Cash Balances</i>	 <i>56,116</i>
 <i>Fund Cash Balances, January 1</i>	 <i>232,040</i>
 <i>Fund Cash Balances, December 31</i>	 <i>\$ 288,156</i>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of McGuffey (the Village), Hardin 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 street maintenance and water and sewer utilities. The Village contracts with the Hardin County Sheriff's department to provide security of persons and property. Fire protection is provided by the McGuffey Volunteer Fire Department.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations and two public entity risk pools. Notes 6, 10, 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 enterprise funds.

Fund Accounting

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

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

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

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

Coronavirus Relief Fund - The coronavirus relief fund accounts for revenue received from the State/County to be used for expenses related to the COVID-19 Pandemic.

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 Operating – the water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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

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, function, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village does not have any investments. All money is maintained in checking accounts.

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 McGuffey, Ohio
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,418	\$110,937	\$15,519
Special Revenue	67,724	72,605	4,881
Enterprise	302,862	339,487	36,625
Total	\$466,004	\$523,029	\$57,025

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,521	\$101,423	\$30,098
Special Revenue	135,094	107,129	27,965
Enterprise	390,648	284,888	105,760
Total	\$657,263	\$493,440	\$163,823

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 is as follows:

	2022
Demand Deposits	\$ 496,340

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

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.

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

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 McGuffey, Ohio
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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.

Beginning January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (7278)	\$77,946	2.96%
Ohio Public Works Commission (CP06L)	37,839	0.00%
Superior Federal Credit Union	23,726	4.50%
Total	\$139,511	

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

On March 31, 2016, the Village entered into loan agreement #7278 with the Ohio Water Development Authority (OWDA) for \$126,136 in wastewater treatment facility improvements. As of December 31, 2022, the principal amount outstanding was \$90,122. The loan is being paid from the Water-OWDA Fund.

The Ohio Public Works Commission loan (CP06L) is related to water meter installation and improvements. The loan was issued during 2010 in the total amount of \$94,597. The loan is being repaid in semiannual installments and matures January 1, 2030. The debt is being paid through the Water – OPWC/OWDA Fund.

The Superior Credit Union loan (2019 Ford Truck/trailer) is related to general/street/water/sewer. The loan was issued during 2019 in the total amount of \$55,204. The loan will be repaid in semiannual installments with an interest amount of 4.500% rate and matures December 1, 2024. The debt is being paid through the General, Street Construction, Maintenance and Repair, Water, and Sewer Funds.

Amortization

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

Year Ending December 31:	OWDA - 7278	OPWC- CPO6L	SUPERIOR
2023	\$18,628	\$4,730	\$12,537
2024	18,628	4,730	12,537
2025	18,628	4,730	0
2026	18,628	4,730	0
2027	9,314	4,730	0
2028-2032	0	14,189	0
Total	<u>\$83,826</u>	<u>\$37,839</u>	<u>\$25,074</u>

Note 10 – Jointly Governed Organizations

Hardin County Regional Planning Commission

The Hardin County Regional Planning Commission (the Commission) is governed by a Board consisting of members from Hardin County, the municipalities and townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

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

The Upper Scioto Valley Ambulance District

The Upper Scioto Valley Ambulance District (the District) is a jointly governed entity governed by a five-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Marion Township, McDonald Township, Roundhead Township, the Village of Alger, and the Village of McGuffey in Hardin County. The District provides ambulance services within the District. Financial information can be obtained from Joyce Campbell, Clerk, P.O. Box 83, Alger, Ohio 45812.

Note 11 – Public Entity Risk Pool

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.

Note 12 – 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:

Fund Balances	General	Special Revenue	Enterprise Fund	Total
Outstanding Encumbrances	1,075	597	1,518	3,190
<i>Total</i>	<u>\$1,075</u>	<u>\$597</u>	<u>\$1,518</u>	<u>\$3,190</u>

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.

Note 13– COVID-19

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

MCGUFFEY VILLAGE, HARDIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 13,615	\$ 6,922	\$ 20,537
Municipal Income Tax	56,190	-	56,190
Intergovernmental	15,960	60,396	76,356
Special Assessments	231	-	231
Fines, Licenses and Permits	3,174	-	3,174
Earnings on Investments	144	63	207
Miscellaneous	22,994	884	23,878
<i>Total Cash Receipts</i>	<u>112,308</u>	<u>68,265</u>	<u>180,573</u>
Cash Disbursements			
Current:			
Security of Persons & Property	1	3,436	3,437
Public Health Services	1,149	-	1,149
Basic Utility Services	-	11,696	11,696
Transportation	2,534	25,966	28,500
General Government	107,862	11,277	119,139
Debt Service:	-	8,247	8,247
Principal Payments	1,062	3,183	4,245
Interest and Fiscal Charges	192	578	770
<i>Total Cash Disbursements</i>	<u>112,800</u>	<u>64,383</u>	<u>177,183</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(492)</u>	<u>3,882</u>	<u>3,390</u>
Non-Operating Receipts (Disbursements)			
Transfers In			-
Transfers Out	(10,000)		(10,000)
Advances in	10,000	-	10,000
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(492)	3,882	3,390
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>55,228</u>	<u>172,905</u>	<u>228,133</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 54,736</u>	<u>\$ 176,787</u>	<u>\$ 231,523</u>

See accompanying notes to the basic financial statements

MCGUFFEY VILLAGE, HARDIN COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash
All Proprietary Fund Type**

For the Year Ended December 31, 2021

	<u>Proprietary Funds Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 290,925
Miscellaneous	1,899
	<u>292,824</u>
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements	
Personal Services	62,690
Employee Fringe Benefits	9,288
Contractual Services	116,661
Supplies and Materials	31,795
	<u>220,434</u>
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income (Loss)</i>	72,390
Non-Operating Receipts (Disbursements)	
Special Assessment	5,293
Loans Issued	4,446
Miscellaneous Receipts	
Capital Outlay	(39,384)
Principal Retirement	(72,317)
Interest and Other Fiscal Charges	(3,605)
	<u>(105,567)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(33,177)
<i>Advances Out</i>	(10,000)
<i>Transfers In</i>	25,808
<i>Transfers Out</i>	(15,808)
	<u>(33,177)</u>
<i>Net Change in Fund Cash Balances</i>	
<i>Fund Cash Balances, January 1</i>	265,217
	<u>265,217</u>
<i>Fund Cash Balances, December 31</i>	\$ 232,040
	<u>232,040</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of McGuffey (the Village), Hardin 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 street maintenance and water and sewer utilities. The Village contracts with the Hardin County Sheriff's department to provide security of persons and property. Fire protection is provided by the McGuffey Volunteer Fire Department.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations and two public entity risk pools. Notes 6, 10, 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 enterprise funds.

Fund Accounting

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

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

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

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

Coronavirus Relief Fund - The coronavirus relief fund accounts for revenue received from the State/County to be used for expenses related to the COVID-19 Pandemic.

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 Operating – the water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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

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, function, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Village does not have any investments. All money is maintained in checking accounts.

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 McGuffey, Ohio
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,694	\$112,308	\$9,614
Special Revenue	61,815	68,265	6,450
Enterprise	308,300	328,371	20,071
Total	\$472,809	\$508,944	\$36,135

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,695	\$123,852	\$23,843
Special Revenue	86,067	64,950	21,117
Enterprise	419,131	353,693	65,438
Total	\$652,893	\$542,495	\$110,398

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 is as follows:

	2021
Demand Deposits	\$ 463,563

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

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.

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

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 McGuffey, Ohio
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14% 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.

Beginning January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of McGuffey, Ohio
Hardin 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:

	Principal	Interest Rate
Ohio Water Development Authority (7278)	\$88,849	2.96%
Ohio Public Works Commission (CP42C)	12,500	0.00%
Ohio Public Works Commission (CP06L)	40,204	0.00%
Superior Federal Credit Union	34,817	4.50%
Total	\$176,370	

On March 31, 2016, the Village entered into loan agreement #7278 with the Ohio Water Development Authority (OWDA) for \$126,136 in wastewater treatment facility improvements. As of December 31, 2021, the principal amount outstanding was \$90,122. The loan is being paid from the Water-OWDA Fund.

The Ohio Public Works Commission loan (CP42C) is related to a sewer expansion project mandated by the Ohio Environmental Protection Agency. The loan was issued during 2002 in the total amount of \$500,000. The loan is being repaid in semiannual installments and matures January 1, 2022. The debt is being paid through the Sewer Fund – OPWC Loan No 4 Fund.

The Ohio Public Works Commission loan (CP06L) is related to water meter installation and improvements. The loan was issued during 2010 in the total amount of \$94,597. The loan is being repaid in semiannual installments and matures January 1, 2030. The debt is being paid through the Water – OPWC/OWDA Fund.

The Superior Credit Union loan (2019 Ford Truck/trailer) is related to general/street/water/sewer. The loan was issued during 2019 in the total amount of \$55,204. The loan will be repaid in semiannual installments with an interest amount of 4.500% rate and matures December 1, 2024. The debt is being paid through the General, Street Construction, Maintenance and Repair, Water, and Sewer Funds.

Amortization

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

Year Ending December 31:	OWDA - 7278	OPWC- CP42C	OPWC- CPO6L	SUPERIOR
2022	\$12,174	\$12,500	\$4,730	\$12,536
2023	18,628	\$0	4,730	12,536
2024	18,628	0	4,730	12,536
2025	18,628	0	4,730	0
2026	18,628	0	4,730	0
2027-2031	9,314	0	16,554	0
Total	\$96,000	\$12,500	\$40,204	\$37,608

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

Note 10 – Jointly Governed Organizations

Hardin County Regional Planning Commission

The Hardin County Regional Planning Commission (the Commission) is governed by a Board consisting of members from Hardin County, the municipalities and townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

The Upper Scioto Valley Ambulance District

The Upper Scioto Valley Ambulance District (the District) is a jointly governed entity governed by a five-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Marion Township, McDonald Township, Roundhead Township, the Village of Alger, and the Village of McGuffey in Hardin County. The District provides ambulance services within the District. Financial information can be obtained from Joyce Campbell, Clerk, P.O. Box 83, Alger, Ohio 45812.

Note 11 – Public Entity Risk Pool

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.

Note 12 – 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>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Outstanding Encumbrances	1,052	567	2,145	3,764
<i>Total</i>	<u>\$1,052</u>	<u>\$567</u>	<u>\$2,145</u>	<u>\$3,764</u>

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 McGuffey, Ohio
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Correction of Prior Year Balance

The Village voided checks made from the previous years, which affected beginning fund balances as of January 1, 2021. The effect of this correction is as follows:

Fund Type	Ending Fund Balance as of 12/31/2020	Debit	Credit	Restated Ending Fund Balances as of 12/31/2020
General	55,153	0	75	55,228
<i>Total</i>	<u>\$55,153</u>	<u>\$0</u>	<u>\$75</u>	<u>\$55,228</u>

Note 14– COVID-19

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



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

Village of McGuffey
Hardin County
404 Courtright Street
P.O. Box 304
McGuffey, Ohio 45859

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of McGuffey, Hardin County (the Village) and have issued our report thereon dated July 31, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

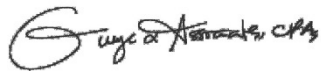
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2022-003 through 2022-005 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001 through 2022-002.

Purpose of this Report

This 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.



Columbus, Ohio
July 31, 2023

**VILLAGE OF MCGUFFEY
HARDIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Noncompliance Citation

Ohio Rev. Code § 135.14(B)(4) states subdivision treasurers must complete additional education programs approved by the Treasurer of State. The Treasurer of State issues a certificate indicating that the Treasurer has successfully completed the continuing education program. The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State, that the treasurer is not subject to the continuing education requirement because the treasurer invests or deposits public funds in the following investments only:

- (1) Interim deposits pursuant to § 135.14 (B)(3); or section 135.145 (CDAR and similar programs);
- (2) STAR Ohio pursuant to § 135.14(B)(6);
- (3) No-load money market mutual funds pursuant to § 135.14 (B)(5).

Since the Village only held deposit accounts the Fiscal Officer was exempt from training, however, the lack of an understanding of the training requirements and/or a control(s) resulted in the annual exemption form not being filed in 2022.

The failure to file the annual exemption may give the impression that the Fiscal Officer should have received additional training but failed to attend such training.

Procedures should be implemented so that the Village Fiscal Officer provides a notice of exemption to the Auditor of State, certified by the Treasurer of State or attends required training per the Ohio Rev. Code Section noted above. The annual exemption form should be filed. The Fiscal Officer should refer to <https://tos.ohio.gov/cpim>. This exemption form can be located at <https://tos.ohio.gov/cpim>.

Officials Responses:

We did not receive a response from officials for this finding.

FINDING NUMBER 2022-002

Noncompliance Citation

Ohio Rev. Code § 149.43(B)(1) states, in part, that all public records responsive to the request shall be promptly prepared and made available for inspection to the requester at all reasonable times during regular business hours. Public records request dated June 10, 2021 does not appear to have been fulfilled based upon the documentation available.

Ohio Rev. Code § 149.43(E)(2) states, in part, that all public offices shall adopt a public records policy in compliance with this section for responding to public records requests. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook. The public records policy was not included in the Village Employee Handbook.

Ohio Rev. Code § 149.43(E)(1) states, in part, to ensure that all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the attorney general as provided in section 109.43 of the Revised Code. No elected officials or their designee has attended public records training.

**VILLAGE OF MCGUFFEY
HARDIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2022, AND 2021**

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

Noncompliance Citation (Continued)

As a result of neither the elected officials nor their designee attending the required records training, the officials were not fully aware of the requirement to promptly respond to public records requests, and the requirement to include the public records policy in the Village Employee Handbook.

The Village should implement a control, such as a reminder system to ensure that each elected official or their designee attend public records training for each term of office. Training should also be provided to those responsible for responding to records request to ensure they are handled in accordance with the public records policy.

Officials Responses:

We did not receive a response from officials for this finding.

FINDING NUMBER 2022-003

Material Weakness – Recording of Income Tax Receipts

Income tax receipts should be recorded in the accounting system when collected.

A lack of control for the recording of income tax receipts in the accounting system at the time collected resulted in some receipts not being recorded in a timely manner. During 2021 and 2022, all eight (100%) of the income tax receipts tested were not recorded in the accounting system until two to four weeks after collection. During 2021, all twelve (100%) of the income tax receipts tested were not recorded in the accounting system until one to four weeks after collection.

The failure to record income tax receipts when collected increases the risk that errors and/or irregularities will not be detected in a timely manner.

The Village should implement a procedure(s) and/or control(s) to ensure income tax receipts are recorded in the accounting system when received or within a reasonable time period.

Officials Responses:

We did not receive a response from officials for this finding.

FINDING NUMBER 2022-004

Material Weakness – Income Tax Bank Account

All accounts under the control of the Village should be included in the accounting records and monthly bank to book reconciliations.

Due to a lack of controls over the completeness of account balances the balance of the income tax checking account was not included in the accounting records or on the bank to book reconciliation at year-end.

**VILLAGE OF MCGUFFEY
HARDIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-004 (Continued)

Material Weakness – Income Tax Bank Account (Continued)

At December 31, 2022, the balance in the account was \$4,683.29 and at December 31, 2021, the balance in the account was \$4,344.29. The accompanying financial statements have been adjusted to correct these recording errors.

Failure to include the balance and activity of the income tax checking account on the financial statements at year-end could result in the material understatement of the Village's fund balance and/or activity at year-end. This practice also increases the risk of errors and/or irregularities not being detected in a timely manner.

To help improve accountability and to reduce the risk of errors and/or irregularities not being detected within a timely manner, the Council should be provided with copies of the monthly income tax bank statement and this activity should be included in the overall reconciliation of the Village and the balance should be included in the year-end fund balances reported on the financial statements.

Officials Responses:

We did not receive a response from officials for this finding.

FINDING NUMBER 2022-005

Material Weakness – Financial Reporting Errors

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

Due to a lack of internal controls the following errors were identified in the 2022 and 2021 financial statements and/or accounting records:

2022

- Principal Retirement in the amount of \$12,500 in the Sewer Operating fund were recorded as interest expenses.
- Principal payments in the amount of \$2,860 in the Sewer OWDA # 7278 fund were recorded as contractual services in the Sewer Operating fund.

2021

- A payment to a vendor in the amount of \$2,169, for Contractual Services was recorded as Principal Retirement disbursements, instead of contractual services disbursements in the Sewer – OWDA #7278 Fund.
- Loan proceeds in the amount of \$2,169 from the OWDA # 7278 fund were incorrectly recorded as charges for services.
- Capitalized interest in the amount of \$2,277 from the OWDA # 7278 fund was not recorded.

**VILLAGE OF MCGUFFEY
HARDIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-005 (Continued)

Material Weakness – Financial Reporting Errors (Continued)

- Principal payments in the amount of \$2,365 from the Water Debt fund were incorrectly recorded as contractual services and interest expenses in the Sewer Operating and Water Debt in the amounts of \$1,325 and \$1,04, respectively.
- Principal payments in the amount of \$2,089 from the OWDA # 7278 fund were incorrectly recorded as contractual services and interests in the amounts of \$789, and \$1,300, respectively.
- Principal payments of \$36, \$103, \$103, \$103 were incorrectly posted as interest expenses in the General, Street, Water Operating, and Sewer Operating funds, respectively.
- Activity related to the Enterprise Refuse Fund was recorded within a Custodial Fund instead of an Enterprise Refuse Fund. This resulted in adjustments to move \$31,011 in Charges for Services receipts, \$6,227 in Transfers In, and \$28,946 in Contractual Services disbursements from a Custodial Fund to an Enterprise Fund;

The notes to the financial statements included errors such as, but not limited to, errors in the budgetary notes and the debt amortization tables.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these recording errors. In addition, the Village has reclassified the Refuse Fund from a Custodial Fund to an Enterprise Fund in the accounting records.

Other recording errors ranging from \$18 to \$7,200 were not adjusted in the accompanying financial statements.

Errors in the financial statements and notes to the financial statements may impact the user's understanding of the financial operations, the ability to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

The Fiscal Officer and Council or a sub-committee of Council such as a finance committee, should review the accounting records during the year and the annual financial statements and notes to the financial statements to help identify and correct errors such as those identified above.

Officials Responses:

We did not receive a response from officials for this finding.

**VILLAGE OF MCGUFFEY
HARDIN COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2020-001	Non-Compliance with Ohio Rev. Code § 9.38 Timely deposit	Corrected	
2020-002	Non-Compliance with Ohio Rev. Code § 121.22(G)(1) Executive Session	Corrected	
2020-003	Non-Compliance with Ohio Rev. Code § 135.14(B)(4) CPIM Training	Not Corrected	Reissued as Finding # 2022-001
2020-004	Non-compliance with Ohio Rev. Code § 145.01(R)(2)(d) – Earnable Salary	Corrected	
2020-005	Non-compliance with Ohio Rev. Code § 149.43(E)(1) Public Records Training	Not Corrected	Reissued as Finding # 2022-002
2020-006	Non-compliance with Ohio Rev. Code § 705.27 Bonding of Income Tax Clerk	Corrected	
2020-007	Non-compliance with Ohio Rev. Code § 733.81(D)(4) Ethics training	Corrected	
2020-008	Non-compliance with Ohio Rev. Code § 5705.10(D)	Corrected	
2020-009	Non-compliance with Ohio Rev. Code § 5705.14(E) Transfers	Corrected	
2020-010	Non-compliance with Ohio Rev. Code § 5705.15 Transfers	Corrected	
2020-011	Non-compliance with Ohio Rev. Code § 5705.41(B) Appropriations	Corrected	
2020-012	Non-compliance with Ordinance No. 19-7 Rate of Pay	Corrected	
2020-013	Non-Compliance/Findings for Recovery: Overpayment of Officials	Corrected	
2020-014	Non-Compliance with OWDA Article V Section 5.6	Corrected	
2020-015	Non-compliance Credit Card Late Payment Fees	Corrected	
2020-016	Internal Control Deficiencies: Errors in Check Numbers	Corrected	
2020-017	Internal Control Deficiency: Recording of Income Tax Receipts	Not Corrected	Reissued as Finding # 2022-003
2020-018	Internal Control Deficiency: Income Tax Bank Account	Not Corrected	Reissued as Finding # 2022-004
2020-019	Internal Control Deficiency: Allocation of Wages	Corrected	
2020-020	Internal Control Deficiency: Bank to Book Reconciliation	Corrected	
2020-021	Internal Control Deficiency: Refuse Billings	Corrected	
2020-022	Internal Control Deficiency: Utility Credit Card Payments	Corrected	
2020-023	Internal Control Deficiency: Financial Reporting Errors	Not Corrected	Reissued as Finding # 2022-005
2020-024	Internal Control Deficiency: Lack of Support for Credit Card Transactions	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MCGUFFEY

HARDIN 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 10/17/2023

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