

**VILLAGE OF MURRAY CITY**  
**AUDIT REPORT**  
**JANUARY 1, 2018 - DECEMBER 31, 2019**

**Wilson, Phillips & Agin, CPA's, Inc.**  
**1100 Brandywine Blvd. Building G**  
**Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Murray City  
PO Box 241  
Murray City, Ohio 43144

We have reviewed the *Independent Auditors' Report* of the Village of Murray City, Hocking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Murray City is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 16, 2020

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**VILLAGE OF MURRAY CITY  
HOCKING COUNTY  
JANUARY 1, 2018 - DECEMBER 31, 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Murray City  
Hocking County  
P.O. Box 241  
Murray City, Ohio 43144

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Murray City, Hocking County, as of and for the years ended December 31, 2019 and 2018.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

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

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Murray City as of December 31, 2019 and 2018, or changes in financial position or cash flows thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and the related notes of Village of Murray City, Hocking County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

#### **Emphasis of Matter**

As discussed in Note 10 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2020, on our consideration of the Village of Murray City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 4, 2020



**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|--------------------------------|
|  | General                 | Special<br>Revenue |                                |
| <b>Cash Receipts:</b>                                |                         |                    |                                |
| Property and Other Taxes                             | \$ 26,848               | \$ 21,943          | \$ 48,791                      |
| Intergovernmental                                    | 19,631                  | 30,187             | 49,818                         |
| Charges for Services                                 | -                       | 12,411             | 12,411                         |
| Fines, Licenses and Permits                          | 12,264                  | -                  | 12,264                         |
| Earnings on Investments                              | 123                     | 136                | 259                            |
| Miscellaneous  | 501                     | -                  | 501                            |
| <b>Total Cash Receipts</b>                           | <b>59,367</b>           | <b>64,677</b>      | <b>124,044</b>                 |
| <b>Cash Disbursements:</b>                           |                         |                    |                                |
| Current:   |                         |                    |                                |
| Security of Persons and Property                     | 11,557                  | 34,857             | 46,414                         |
| Transportation                                       | -                       | 18,326             | 18,326                         |
| General Government                                   | 40,910                  | 759                | 41,669                         |
| Capital Outlay                                       | -                       | 5,399              | 5,399                          |
| <b>Total Cash Disbursements</b>                      | <b>52,467</b>           | <b>59,341</b>      | <b>111,808</b>                 |
| <b>Excess of Receipts Over (Under) Disbursements</b> | <b>6,900</b>            | <b>5,336</b>       | <b>12,236</b>                  |
| <b>Other Financing Receipts (Disbursements)</b>      |                         |                    |                                |
| Sale of Capital Assets                               | 2,650                   | 3,072              | 5,722                          |
| <b>Other Financing Receipts (Disbursements)</b>      | <b>2,650</b>            | <b>3,072</b>       | <b>5,722</b>                   |
| <b>Net Change in Fund Cash Balances</b>              | <b>9,550</b>            | <b>8,408</b>       | <b>17,958</b>                  |
| <b>Fund Cash Balance, January 1, Restated</b>        | <b>4,312</b>            | <b>26,440</b>      | <b>30,752</b>                  |
| <b>Fund Cash Balances, December 31</b>               |                         |                    |                                |
| Restricted   | -                       | 34,848             | 34,848                         |
| Assigned   | 270                     | -                  | 270                            |
| Unassigned (Deficit)                                 | 13,592                  | -                  | 13,592                         |
| <b>Fund Cash Balance, December 31</b>                | <b>\$ 13,862</b>        | <b>\$ 34,848</b>   | <b>\$ 48,710</b>               |

See notes to financial statements.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | <u>Proprietary</u> | <u>Fiduciary</u> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------|------------------|---|
|  | <u>Enterprise</u>  | <u>Agency</u>    |   |
| <b>Operating Cash Receipts:</b>                |                    |                  |   |
| Charges for Services                           | \$ 115,558         | \$ -             | \$ 115,558                              |
| <b>Total Operating Cash Receipts</b>           | <u>115,558</u>     | <u>-</u>         | <u>115,558</u>                          |
| <b>Operating Cash Disbursements:</b>           |                    |                  |   |
| Personal Services                              | 16,010             | -                | 16,010                                  |
| Fringe Benefits                                | 3,060              | -                | 3,060                                   |
| Contractual Service                            | 65,128             | -                | 65,128                                  |
| Supplies and Materials                         | 18,077             | -                | 18,077                                  |
| <b>Total Operating Cash Disbursements</b>      | <u>102,275</u>     | <u>-</u>         | <u>102,275</u>                          |
| <b>Operating Income</b>                        | 13,283             | -                | 13,283                                  |
| <b>Non-Operating Receipts (Disbursements):</b> |                    |                  |   |
| Other Financing Sources                        | -                  | 10,114           | 10,114                                  |
| Other Financing Uses                           | -                  | (12,392)         | (12,392)                                |
| Sale of Fixed Assets                           | 3,350              | -                | 3,350                                   |
| Principal Retirement                           | (17,521)           | -                | (17,521)                                |
| <b>Total Non-Operating Cash Disbursements</b>  | <u>(14,171)</u>    | <u>(2,278)</u>   | <u>(16,449)</u>                         |
| <b>Net Change in Fund Cash Balance</b>         | (888)              | (2,278)          | (3,166)                                 |
| <b>Fund Cash Balances, January 1</b>           | <u>51,376</u>      | <u>7,169</u>     | <u>58,545</u>                           |
| <b>Fund Cash Balances, December 31</b>         | <u>\$ 50,488</u>   | <u>\$ 4,891</u>  | <u>\$ 55,379</u>                        |

See notes to financial statements.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Murray City, Hocking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are 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:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

**Fire Levy Fund** - This fund receives fire levy monies to provide fire protection.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Funds**

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

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

**Fiduciary Funds**

These funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

***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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**Appropriations**

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

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as 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* via formal action (resolution). The Village must adhere to these commitments unless 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*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

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

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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 classification could be used.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2019 is as follows:

| <b>2019 Budgeted vs. Actual Receipts</b> |                      |                    |           |
|--|----------------------|--------------------|-----------|
| Fund Type                                | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                                  | \$ 51,150            | \$ 62,017          | \$ 10,867 |
| Special Revenue                          | 56,505               | 67,749             | 11,244    |
| Enterprise                               | 110,500              | 118,908            | 8,408     |
| Total                                    | \$ 218,155           | \$ 248,674         | \$ 30,519 |

| <b>2019 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                            |                           |           |
|--|----------------------------|---------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General  | \$ 62,747                  | \$ 52,737                 | \$ 10,010 |
| Special Revenue  | 69,130                     | 59,341                    | 9,789     |
| Enterprise   | 141,941                    | 119,796                   | 22,145    |
| Total  | \$ 273,818                 | \$ 231,874                | \$ 41,944 |

Contrary to ORC 5705.39, the Village had funds where appropriations exceeded estimated resources. Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                 |            |
|-----------------|------------|
|                 | 2019       |
| Demand Deposits | \$ 104,089 |
| Total Deposits  | \$ 104,089 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by 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.

**6. RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**7. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

*Social Security*

Several 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, 2019.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**9. DEBT**

Debt outstanding at December 31, 2019 was as follows:

|   | 2019<br>Principal | %    |
|---|-------------------|------|
| Ohio Water Development Authority Loan #5178 | \$ 367,934        | 0.00 |
| Total                                       | \$ 367,934        |      |

The Ohio Water Development Authority (OWDA) Water System Renovation and Design loan relates to a water system renovation project approved in 2009. The OWDA approved a total project cost of \$1,190,621, including \$665,000 in principal forgiveness using ARRA grant funding. The Village will repay the loan in semiannual installments of \$8,760 over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

| Year Ending<br>December 31 | OWDA<br>#5178 |
|----------------------------|---------------|
| 2020                       | \$ 17,521     |
| 2021                       | 17,521        |
| 2022                       | 17,521        |
| 2023                       | 17,521        |
| 2024                       | 17,521        |
| 2025-2029                  | 87,604        |
| 2030-2034                  | 87,604        |
| 2035-2039                  | 87,604        |
| 2040-2044                  | 17,517        |
|                            | \$ 367,934    |

**10. SUBSEQUENT EVENTS**

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|--------------------------------|
|   | General                 | Special<br>Revenue |                                |
| <b>Cash Receipts:</b>                         |                         |                    |                                |
| Property and Other Taxes                      | \$ 29,472               | \$ 25,256          | \$ 54,728                      |
| Intergovernmental                             | 19,335                  | 32,174             | 51,509                         |
| Charges for Services                          | -                       | 12,000             | 12,000                         |
| Fines, Licenses and Permits                   | 5,678                   | -                  | 5,678                          |
| Earnings on Investments                       | 196                     | 44                 | 240                            |
| Miscellaneous                                 | 2,471                   | -                  | 2,471                          |
| <b>Total Cash Receipts</b>                    | <b>57,152</b>           | <b>69,474</b>      | <b>126,626</b>                 |
| <b>Cash Disbursements:</b>                    |                         |                    |                                |
| Current:                                      |                         |                    |                                |
| Security of Persons and Property              | 21,877                  | 23,291             | 45,168                         |
| Transportation                                | -                       | 32,710             | 32,710                         |
| General Government                            | 39,810                  | 1,191              | 41,001                         |
| Capital Outlay                                | -                       | 8,183              | 8,183                          |
| Debt Service:                                 |                         |                    |                                |
| Principal Retirement                          | -                       | 7,120              | 7,120                          |
| Interest and Fiscal Charges                   | -                       | 279                | 279                            |
| <b>Total Cash Disbursements</b>               | <b>61,687</b>           | <b>72,774</b>      | <b>134,461</b>                 |
| <b>Net Change in Fund Cash Balances</b>       | <b>(4,535)</b>          | <b>(3,300)</b>     | <b>(7,835)</b>                 |
| <b>Fund Cash Balance, January 1, Restated</b> | <b>8,847</b>            | <b>29,740</b>      | <b>38,587</b>                  |
| <b>Fund Cash Balances, December 31</b>        |                         |                    |                                |
| Restricted                                    | -                       | 26,440             | 26,440                         |
| Assigned                                      | 297                     | -                  | 297                            |
| Unassigned (Deficit)                          | 4,015                   | -                  | 4,015                          |
| <b>Fund Cash Balance, December 31</b>         | <b>\$ 4,312</b>         | <b>\$ 26,440</b>   | <b>\$ 30,752</b>               |

See notes to financial statements.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | <u>Proprietary</u> | <u>Fiduciary</u> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------|------------------|---|
|  | <u>Enterprise</u>  | <u>Agency</u>    |   |
| <b>Operating Cash Receipts:</b>                |                    |                  |   |
| Charges for Services                           | \$ 114,386         | \$ -             | \$ 114,386                              |
| <b>Total Operating Cash Receipts</b>           | <u>114,386</u>     | <u>-</u>         | <u>114,386</u>                          |
| <b>Operating Cash Disbursements:</b>           |                    |                  |   |
| Personal Services                              | 11,757             | -                | 11,757                                  |
| Fringe Benefits                                | 2,342              | -                | 2,342                                   |
| Contractual Service                            | 66,087             | -                | 66,087                                  |
| Supplies and Materials                         | 14,605             | -                | 14,605                                  |
| <b>Total Operating Cash Disbursements</b>      | <u>94,791</u>      | <u>-</u>         | <u>94,791</u>                           |
| <b>Operating Income</b>                        | 19,595             | -                | 19,595                                  |
| <b>Non-Operating Receipts (Disbursements):</b> |                    |                  |   |
| Other Financing Sources                        | -                  | 7,145            | 7,145                                   |
| Other Financing Uses                           | -                  | (10)             | (10)                                    |
| Capital Outlay                                 | (8,183)            | -                | (8,183)                                 |
| Principal Retirement                           | (17,521)           | -                | (17,521)                                |
| <b>Total Non-Operating Cash Disbursements</b>  | <u>(25,704)</u>    | <u>7,135</u>     | <u>(18,569)</u>                         |
| <b>Net Change in Fund Cash Balance</b>         | (6,109)            | 7,135            | 1,026                                   |
| <b>Fund Cash Balances, January 1</b>           | <u>57,485</u>      | <u>34</u>        | <u>57,519</u>                           |
| <b>Fund Cash Balances, December 31</b>         | <u>\$ 51,376</u>   | <u>\$ 7,169</u>  | <u>\$ 58,545</u>                        |

See notes to financial statements.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Murray City, Hocking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are 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:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

**Fire Levy Fund** - This fund receives fire levy monies to provide fire protection.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Funds**

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

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

**Fiduciary Funds**

These funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

***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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**Appropriations**

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

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as 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* via formal action (resolution). The Village must adhere to these commitments unless 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*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

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

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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 classification could be used.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

| <b>2018 Budgeted vs. Actual Receipts</b> |                      |                    |           |
|--|----------------------|--------------------|-----------|
| Fund Type                                | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                                  | \$ 31,068            | \$ 57,152          | \$ 26,084 |
| Special Revenue                          | 24,287               | 69,474             | 45,187    |
| Enterprise                               | 106,500              | 114,386            | 7,886     |
| Total                                    | \$ 161,855           | \$ 241,012         | \$ 79,157 |

| <b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                            |                           |           |
|--|----------------------------|---------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General  | \$ 70,919                  | \$ 61,984                 | \$ 8,935  |
| Special Revenue  | 79,397                     | 72,774                    | 6,623     |
| Enterprise   | 159,045                    | 120,495                   | 38,550    |
| Total  | \$ 309,361                 | \$ 255,253                | \$ 54,108 |

Contrary to ORC 5705.39, The Village had funds where appropriations exceeded estimated resources. Contrary to ORC 5705.41(D), the Village made expenditures prior to certifications.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                 |           |
|-----------------|-----------|
|                 | 2018      |
| Demand Deposits | \$ 89,297 |
| Total Deposits  | \$ 89,297 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by 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.

**6. RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**7. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.

*Social Security*

Several 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, 2018.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**9. DEBT**

Debt outstanding at December 31, 2018 was as follows:

|   | 2018<br>Principal | %    |
|---|-------------------|------|
| Ohio Water Development Authority Loan #5178 | \$ 385,455        | 0.00 |
| Total                                       | \$ 385,455        |      |

The Ohio Water Development Authority (OWDA) Water System Renovation and Design loan relates to a water system renovation project approved in 2009. The OWDA approved a total project cost of \$1,190,621, including \$665,000 in principal forgiveness using ARRA grant funding. The Village will repay the loan in semiannual installments of \$8,760 over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

| Year Ending<br>December 31 | OWDA<br>#5178 |
|----------------------------|---------------|
| 2019                       | \$ 17,521     |
| 2020                       | 17,521        |
| 2021                       | 17,521        |
| 2022                       | 17,521        |
| 2023                       | 17,521        |
| 2024-2028                  | 87,604        |
| 2029-2033                  | 87,604        |
| 2034-2038                  | 87,604        |
| 2039-2043                  | 35,038        |
|                            | \$ 385,455    |

**10. RESTATEMENT OF FUND BALANCE**

Fund balance in the Special Revenue Fund has been restated for the year beginning January 1, 2018 as a voided check was added back:

|                                   | Special<br>Revenue |
|-----------------------------------|--------------------|
| Fund Balance at December 31, 2017 | \$ 29,705          |
| Adjustments                       | 35                 |
| Fund Balance at January 1, 2018   | \$ 29,740          |



**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Murray City  
Hocking County  
P.O. Box 241  
Murray City, Ohio 43144

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Murray City, Hocking County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 4, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Murray City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider finding 2019-002, 2019-005 and 2019-006 to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Murray City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2019-001, 2019-003, and 2019-004.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 4, 2020

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 39% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2019-002**

**Material Weakness – Financial Reporting**

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

The Village Officer's Handbook (Revised March 2019) provides suggested accounts classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications and adjustments were made.

- In 2019, a reclassification if the amount of \$2,650 from Miscellaneous Revenue to Sale of Capital Assets in the General Fund and a reclassification of \$3,072 from Miscellaneous Revenue to Sale of Capital Assets in the Fire Fund and a reclassification of \$3,350 from Miscellaneous Receipts to Sale of Fixed Assets in the Water Fund for sales of equipment.
- In 2019, a reclassification of \$19,376 from Debt Proceeds and \$7,241 from Capital Contribution in the Water Fund to Charges for Services.
- In 2019, a reclassification of \$1,800 from Principal Retirement and \$225 from Interest and Fiscal Charges to Capital Outlay to properly show debt payments in the for Street Fund and \$3,214 from Principal Retirement and \$160 from Interest and Fiscal Charges in the Fire Fund to properly show debt payment.
- In 2019, a reclassification of \$2,655 from Principal Retirement and to Contractual Services in the Water Fund to properly show debt paid.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-002 (Continued)**

- In 2019, an adjustment was made to record Mayors Court Activity in financial statements.
- In 2018, a reclassification of \$2,395 from Property Tax and Other Local Taxes to Intergovernmental Revenue in the General Fund and a reclassification of \$2,080 from Property and Other Local Taxes to Intergovernmental Revenue in the Police Fund for rollbacks.
- In 2018, a reclassification of \$5,678 from Miscellaneous Revenue to Fines, Licenses and Permits in the General Fund.
- In 2018, a reclassification of \$8,888 from Miscellaneous Revenue to Intergovernmental Revenue in the Street Fund for a State of Ohio grant.
- In 2018, a reclassification of \$3,088 from Security of Persons to Principal Retirement in the Police Fund to properly show debt paid.
- In 2018, a reclassification of \$13,656 from Debt Proceeds and \$13,005 from Capital Contribution in the Water Fund to Charges for Services.
- In 2018, an adjustment was made to record Mayors Court Activity in financial statements.

The reclassifications with which the Village Official's agree are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Village utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2019-003**

**Noncompliance**

Ohio Revised Code Section 2949.091 requires the court, in which any person is convicted of or pleads guilty to any offense to impose on the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty Dollars if the offense is a felony;
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or
- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such monies collected during the month shall be transmitted on or before the twentieth of the following month by the clerk of the courts to the Treasurer of State. The Village did not remit the amounts due to the State collected in 2018 and the months of January through April until June 2019.

Further, no ledger showing the breakdown of the fine to the State was completed for 2018 to determine the amount due to the State.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-003 (Continued)**

The Village should maintain a ledger showing the amount from each payment due to the State monthly. Further, the Village should remit the State portion of Mayor’s Court fines and fees collected to the State on or before the twentieth day of the following month and submit all reports as required timely.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2019-004**

**Noncompliance**

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources.

| Fund           | Year | Estimated Resources | Appropriations | Variance   |
|----------------|------|---------------------|----------------|------------|
| General        | 2019 | \$ 55,164           | \$ 62,450      | \$ (7,286) |
| 2017 MARCS VFD | 2019 | 1,800               | 2,880          | (1,080)    |
| Police Levy    | 2019 | 11,656              | 12,598         | (942)      |
| Water          | 2019 | 101,546             | 103,669        | (2,123)    |
| General        | 2018 | 47,231              | 70,791         | (23,560)   |
| Street         | 2018 | 16,230              | 43,176         | (26,946)   |
| State Highway  | 2018 | 1,622               | 2,122          | (500)      |
| Fire Levy      | 2018 | 15,625              | 19,754         | (4,129)    |
| Police Levy    | 2018 | 10,595              | 12,545         | (1,950)    |

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative fund balances.

The Village should regularly monitor appropriations and estimated resources to ensure that appropriations do not exceed the total estimated resources available for expenditure in each fund. This will help to reduce the risk of overspending within the Village and will add a measure of control over the Village’s budgetary process.

**Client Response:** We have not received a response from the client.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-005**

**Material Weakness – Posting of Budget**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts. However, the amounts entered do not agree with the Official Certificate of Estimated Resources. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2019-006**

**Material Weakness**

The Village operates a Mayor's Court for tickets issued in the Village. The Village should maintain all tickets, a complete docket, and payment listing for each case. The Village should also maintain the current fine/fee schedule to recalculate any case to ensure the amount charged was correct.

During testing for 2018, some case files could not be located for items tested. Therefore, we were unable to determine if the amount charged agreed to the Village fine/fee schedule. For the rest of the cases tested, we were unable to determine if the proper fee was charged due to the fine/fee schedule not being on file for those particular offenses.

The Mayor should maintain all case files and the fine/fee schedule.

**Client Response:** We have not received a response from the client.

**VILLAGE OF MURRAY CITY  
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2019**

| Finding Number | Finding Summary   | Fully Corrected | Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid;<br><b>Explain:</b> |
|----------------|---|-----------------|--|
| 2017-001       | Noncompliance/Finding for Recovery Overpayment of salary to Fical Officer   | Yes             | Finding No Longer Valid  |
| 2017-002       | Noncompliance<br>ORC 2949.091 Mayors Court payments to State of Ohio        | No              | Not Corrected<br>Repeated as Finding 2019-003  |
| 2017-003       | Noncompliance<br>ORC 5705.39 appropriations cannot exceed estimated revenue | No              | Not Corrected<br>Repeated as Finding 2019-004  |
| 2017-004       | Noncompliance<br>ORC 5705.41 (B) Expenditures cannot exceed appropriations  | Yes             | Finding No Longer Valid  |
| 2017-005       | Noncompliance<br>ORC 5705.41(D) Expenditures made prior to certification    | No              | Not Corrected<br>Repeated as Finding 2019-001  |
| 2017-006       | Material Weakness<br>Financial Reporting exceed estimated revenue           | No              | Not Corrected<br>Repeated as Finding 2019-002  |
| 2017-007       | Material Weakness<br>Posting of Budget                                      | No              | Not Corrected<br>Repeated as Finding 2019-005  |
| 2017-008       | Material Weakness<br>Mayors Court case files and fine/fee schedule          | No              | Not Corrected<br>Repeated as Finding 2019-006  |



# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MURRAY CITY

HOCKING COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 28, 2020