



OHIO AUDITOR OF STATE
KEITH FABER



**MCARTHUR TOWNSHIP
LOGAN COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

McArthur Township
Logan County
4758 County Road 91
Bellefontaine, OH 43311

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of McArthur Township, Logan County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code 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 McArthur Township, Logan County, as of December 31, 2022 and 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 Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township 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 Township'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 Township'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 Township'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 November 20, 2023, on our consideration of the Township'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 Township'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 Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2023

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

	General	Special Revenue	Capital Projects	Permanent	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$91,995	\$109,637			\$201,632
Licenses, Permits and Fees	1,798	42,611			44,409
Intergovernmental	32,864	299,380	\$156,502		488,746
Earnings on Investments	1,068	1,764		\$116	2,948
Miscellaneous		26,577		525	27,102
<i>Total Cash Receipts</i>	<u>127,725</u>	<u>479,969</u>	<u>156,502</u>	<u>641</u>	<u>764,837</u>
Cash Disbursements					
Current:					
General Government	111,297				111,297
Public Safety		41,142			41,142
Public Works		123,982			123,982
Health	25,424	53,743			79,167
Capital Outlay	5,000	13,821	156,502		175,323
<i>Total Cash Disbursements</i>	<u>141,721</u>	<u>232,688</u>	<u>156,502</u>	<u>0</u>	<u>530,911</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,996)</u>	<u>247,281</u>	<u>0</u>	<u>641</u>	<u>233,926</u>
Other Financing Receipts (Disbursements)					
Other Financing Uses	(20,000)				(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>
Special Item	58,374				58,374
<i>Net Change in Fund Cash Balances</i>	24,378	247,281	0	641	272,300
<i>Fund Cash Balances, January 1</i>	60,853	609,946	17,400	53,445	741,644
<i>Fund Cash Balances, December 31</i>	<u>\$85,231</u>	<u>\$857,227</u>	<u>\$17,400</u>	<u>\$54,086</u>	<u>\$1,013,944</u>

See accompanying notes to the basic financial statements

McArthur Township

Logan County

*Statement of Additions, Deductions and Change in Fund
Balance (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2022

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Earnings on Investments	<u>\$1</u>
<i>Total Additions</i>	<u>1</u>
<i>Net Change in Fund Balance</i>	1
<i>Fund Cash Balance, January 1</i>	<u>712</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$713</u></u>

See accompanying notes to the basic financial statements

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

McArthur Township, Logan County, Ohio (the “Township”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and bylaws of the State of Ohio. The Township provides general government services, including road and bridge maintenance, zoning and cemetery maintenance. The Township has a contract with the Village of Huntsville to provide its fire and ambulance services.

The Township Management is comprised of a 3 person board of Trustees that are elected as well as an elected Fiscal Officer. The township employs a zoning inspector as well as a full-time sexton/road worker.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Township’s Management believes these financial statements present all activities for which the Township is financially accountable. The Township’s Management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’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 statement of additions, deductions and change in fund balance (regulatory cash basis) fiduciary fund type which are all organized on a fund type basis.

Fund Accounting

The Township 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 Township 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 Township 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Motor Vehicle License Tax Fund This fund receives motor vehicle license taxes used for maintain and repairing Township roads and bridges.

Gasoline Tax Fund This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

Cemetery Fund This fund receives money from the sale of cemetery spaces and fees to open and close cemetery spaces when a burial occurs. These funds are used to maintain the cemetery.

Fire District Fund The fund receives money from a fire levy which in turn is passed through to the Village of Huntsville with whom we have a contract for them to provide fire services.

Permissive Motor Vehicle License Tax Fund This fund receives motor vehicle license tax money to use for maintaining and repairing Township roads.

ARP 2021 Fund This fund received money from the American Rescue Plan Act.

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

Misc. Capital Projects/Sales Tax Fund through the Logan County Engineer's Office for construction and repair of Township roads and bridges through the use of sales tax dollars collected through the County.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest/Endowment Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery. This fund accounts for donations, investment earnings, and prior to April 1, 2022, it accounted for twenty-five dollars from the sale of each cemetery space. The donations must be used in accordance with donor agreements. Investment earnings may be spent on upkeep.

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for the benefit of a particular cemetery space maintenance as specified in agreements between the deed owner of the cemetery space and the township.

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 Board 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees 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 Township 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.

Capital Assets

The Township 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 Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes the nonspendable portion of the corpus in permanent funds.

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

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

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

The Township 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 9.

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	\$167,000	\$186,099	\$19,099
Special Revenue	372,000	479,969	107,969
Capital Projects	156,502	156,502	0
Permanent	1,000	641	(359)
Fiduciary	5	1	(4)
Total	\$696,507	\$823,212	\$126,705

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$187,750	\$161,721	\$26,029
Special Revenue	877,550	240,388	637,162
Capital Projects	90,000	156,502	(66,502)
Permanent	20,100	0	20,100
Fiduciary	5	0	5
Total	\$1,175,405	\$558,611	\$616,794

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits

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

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$667,679
Other time deposits (savings and NOW accounts)	346,978
Total deposits	\$1,014,657

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 Township.

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management - Continued

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

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

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

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Some Township 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 Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended 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.

Effective 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 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including 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>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus		\$42,941	\$42,941
Outstanding Encumbrances	\$7,700		7,700
Total	<u>\$7,700</u>	<u>\$42,941</u>	<u>\$50,641</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds 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, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – Contingent Liabilities

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

Note 11 – Subsequent Events

On July 4, 2023, the Township adopted Resolution 2023-7 authorizing the Township to purchase real property of approximately 10.106 acres for a public purpose, including future cemetery expansion and other needs for \$65,000. The closing took place on October 18, 2023.

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McArthur Township

Logan County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Permanent	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$93,182	\$115,797			\$208,979
Licenses, Permits and Fees	1,215	37,106			38,321
Intergovernmental	32,540	237,927	\$23,633		294,100
Earnings on Investments	813	347		\$124	1,284
Miscellaneous	6,165	22,010		1,800	29,975
<i>Total Cash Receipts</i>	<u>133,915</u>	<u>413,187</u>	<u>23,633</u>	<u>1,924</u>	<u>572,659</u>
Cash Disbursements					
Current:					
General Government	101,883				101,883
Public Safety		17,404			17,404
Public Works		159,089			159,089
Health	24,164	42,030			66,194
Capital Outlay	60,001	85,155	23,633		168,789
<i>Total Cash Disbursements</i>	<u>186,048</u>	<u>303,678</u>	<u>23,633</u>	<u>0</u>	<u>513,359</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,133)</u>	<u>109,509</u>	<u>0</u>	<u>1,924</u>	<u>59,300</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets			17,400		17,400
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>17,400</u>	<u>0</u>	<u>17,400</u>
<i>Net Change in Fund Cash Balances</i>	(52,133)	109,509	17,400	1,924	76,700
<i>Fund Cash Balances, January 1</i>	<u>112,986</u>	<u>500,437</u>		<u>51,521</u>	<u>664,944</u>
<i>Fund Cash Balances, December 31</i>	<u>\$60,853</u>	<u>\$609,946</u>	<u>\$17,400</u>	<u>\$53,445</u>	<u>\$741,644</u>

See accompanying notes to the basic financial statements

McArthur Township

Logan County

*Statement of Additions, Deductions and Change in Fund
Balance (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Earnings on Investments	<u>\$2</u>
<i>Total Additions</i>	<u>2</u>
<i>Net Change in Fund Balance</i>	2
<i>Fund Cash Balance, January 1</i>	<u>710</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$712</u></u>

See accompanying notes to the basic financial statements

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

McArthur Township, Logan County, Ohio (the “Township”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and bylaws of the State of Ohio. The Township provides general government services, including road and bridge maintenance, zoning and cemetery maintenance. The Township has a contract with the Village of Huntsville to provide its fire and ambulance services.

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Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Township’s Management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’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 statement of additions, deductions and change in fund balance (regulatory cash basis) fiduciary fund type which are all organized on a fund type basis.

Fund Accounting

The Township 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 Township 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 Township 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Motor Vehicle License Tax Fund This fund receives motor vehicle license taxes used for maintain and repairing Township roads and bridges.

Gasoline Tax Fund This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund This fund receives money from the sale of cemetery spaces and fees to open and close cemetery spaces when a burial occurs. These funds are used to maintain the cemetery.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies - Continued

Fire District Fund The fund receives money from a fire levy which in turn is passed through to the Village of Huntsville with whom we have a contract for them to provide fire services.

Permissive Motor Vehicle License Tax Fund This fund receives motor vehicle license tax money to use for maintaining and repairing Township roads.

ARP 2021 Fund This fund received money from the American Rescue Plan Act.

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

Misc. Capital Projects/Sales Tax Fund through the Logan County Engineer's Office for construction and repair of Township roads and bridges through the use of sales tax dollars collected through the County.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest/Endowment Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery. This fund accounts for donations, investment earnings, and for twenty-five dollars from the sale of each cemetery space. The donations must be used in accordance with donor agreements. Investment earnings may be spent on upkeep.

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for the benefit of a particular cemetery space maintenance as specified in agreements between the deed owner of the cemetery space and the township.

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 Board 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies - Continued

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees 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 Township 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.

Capital Assets

The Township 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 Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes the nonspendable portion of the corpus in permanent funds.

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies – Continued

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

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

The Township 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 9.

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	\$108,500	\$133,915	\$25,415
Special Revenue	266,000	413,187	147,187
Capital Projects	38,000	41,033	3,033
Permanent	1,000	1,924	924
Fiduciary	5	2	(3)
Total	\$413,505	\$590,061	\$176,556

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$216,490	\$188,047	\$28,443
Special Revenue	734,550	320,048	414,502
Capital Projects	38,000	23,633	14,367
Permanent	20,100	0	20,100
Fiduciary	5	0	5
Total	\$1,009,145	\$531,728	\$477,417

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$296,423
Other time deposits (savings and NOW accounts)	445,933
<i>Total carrying amount of deposits held in the Pool</i>	\$742,356

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 Township.

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township 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.

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management - Continued

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

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

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

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

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

McArthur Township
Logan County
Notes to the Financial Statements
For the Year Ended 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.

Note 9 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of 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>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus			\$42,416	\$42,416
Outstanding Encumbrances	\$1,999	\$16,370		18,369
Total	<u>\$1,999</u>	<u>\$16,370</u>	<u>\$42,416</u>	<u>\$60,785</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds 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, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – Contingent Liabilities

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

Note 11 – 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 ended in May 2023. During 2021, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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

McArthur Township
Logan County
4758 County Road 91
Bellefontaine, OH 43311

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of McArthur Township, Logan County, (the Township) and have issued our report thereon dated November 20, 2023, wherein we noted the Township 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 Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Township's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2023

**MCARTHUR TOWNSHIP
LOGAN COUNTY**

SCHEDULE OF FINDINGS

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

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 5705.10(D) states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Ohio Rev. Code § 5705.10(F) states, in part, that if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements; provided that the proceeds from the sale of a public utility shall be paid into the sinking fund or bond retirement fund to the extent necessary to provide for the retirement of the outstanding indebtedness incurred in the construction or acquisition of such utility. Proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained or, if there is no such fund, into the general fund.

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

The following items were noted to be performed incorrectly by the Township, through the Fiscal Officer:

- Posted the American Rescue Plan (ARP) Act monies to the improper fund and line item. This resulted in a decrease of \$83,068 in the Capital Projects Fund Special Assessments and an increase of \$83,068 in Special Revenue Fund Intergovernmental in 2021. In 2022, this resulted in a decrease of \$83,399 in the Capital Projects Fund Special Assessments, a decrease of \$332 in General Fund Special Item, and an increase in \$83,731 in Special Revenue Fund Intergovernmental.
- Incorrectly posted the sale of two mowers and a dump truck in fiscal year 2021. This decreased General Fund Special Item by \$17,400 and increased Permanent Improvement Fund Sale of Capital Assets by \$17,400.
- Incorrectly posted the second half real estate settlement in 2022. This decreased Road and Bridge Fund Property & Other Local Taxes and increased Fire District Fund Property & Other Local Taxes by \$5,040.
- Incorrectly posted the first half real estate settlement homestead and rollback in 2021. This decreased General Fund Property & Other Local Taxes by \$10,236, increased General Fund Intergovernmental by \$6,567, increased Road & Bridge Fund Intergovernmental by \$3,054, and increased Fire District Fund Intergovernmental by \$615.
- Incorrectly receipted the Federal Emergency Management Agency (FEMA) grant money in 2021 as a General Fund Special Item line item instead of Gasoline Tax Fund Intergovernmental in the amount of \$2,574.
- Incorrectly posted the Undivided Auto Licenses receipts from the County in 2021. This decreased Gasoline Tax Fund Intergovernmental by \$3,500, increased Motor Vehicle License Tax Fund Intergovernmental by \$1,423, and increased Permissive Motor Vehicle License Tax Fund Property & Other Local Taxes by \$2,077.

**FINDING NUMBER 2022-001
(Continued)**

Finally, the Township, through the Fiscal Officer, misclassified expenditures during 2022 and 2021 which resulted in the following reclassifications and adjustments to the financial statements:

- 2022 General Fund:
 - Increased Other Financing Uses and decreased General Government by \$20,000
 - Increased General Government by \$869
- 2022 Gasoline Tax Fund:
 - Decreased Public Works by \$869
- 2022 Cemetery Fund:
 - Increased Health by \$275
- 2022 Road and Bridge Fund:
 - Decreased Public Works by \$275
- 2021 Fire District Fund:
 - Increased Public Safety by \$10,000
- 2021 Road and Bridge Fund:
 - Decreased Public Works by \$10,000

Adjustments, to which management have agreed, have been made to the accompanying financial statements, notes to the financial statements, and to the Township ledger system.

In addition to the items listed above, we have also identified additional misstatements relating to the Township's financials ranging from \$1 to \$61,256, which have been brought to the Township's attention. Financial statement errors resulted from misunderstanding of transactions and activities by the Township Fiscal Officer.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Township's ability to make sound financial decisions, and/or result in materially misstated reports.

The Township should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-002

Significant Deficiency – Bank Reconciliations, Timely Posting of Transactions, and Segregation of Duties

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records in a timely manner.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Cash is the asset most susceptible to theft and misappropriation. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. Additionally, reconciliations provide an accurate accounting of the Township's financial position at month-end.

FINDING NUMBER 2022-002
(Continued)

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

The small size of the Township's fiscal operations does not allow for an adequate segregation of duties as the Fiscal Officer performed most accounting functions for the Township, including collection and deposit of receipts and reconciliation of the bank account. It is essential for the Township Trustees to monitor financial activity closely to provide oversight and to compensate for the lack of segregation of duties.

During 2022 and 2021, monthly bank to book reconciliations were not prepared or reviewed in a timely manner. The most significant delay occurred when the January 2022 reconciliation was not completed until July 2022. There were eighteen total months in 2022 and 2021 where the reconciliation was completed more than one month after month-end of the month being reconciled. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

In addition, throughout 2022 and 2021, numerous receipts and disbursements were not posted in a timely manner to the UAN system. Significant time delays in posting financial transactions to the accounting system can result in permanent omissions, as well as the Trustees reviewing incomplete financial reports.

Finally, there was no evidence that the Trustees were monitoring, reviewing, and approving monthly financial reports during 2022 and 2021.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances in a timely manner. Variances should be investigated, documented, and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Additionally, monthly financial reports, including reconciliations, should be reviewed by the Trustees to ensure decisions are made based on accurate financial information. The Trustees' review should be documented by their approval of the monthly financial reports noted in the meeting minutes.

Officials' Response:

The Fiscal officer has notified the board of this finding and steps have been put in place to make sure that the account is reconciled timelier with the goal of at least every other month to have the accounts reconciled. Receipts are going to be posted timelier as well. A new process has been put in place for filing, recording and getting receipts into UAN. The Trustees will review the bank reconciliations at least quarterly if not more frequently.

OHIO AUDITOR OF STATE KEITH FABER



MCARTHUR TOWNSHIP

LOGAN 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 12/7/2023

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