



**VILLAGE OF ARCANUM
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

VILLAGE OF ARCANUM
DARKE COUNTY
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Village of Arcanum
Darke County
309 South Albright Street
P.O. Box 398
Arcanum, Ohio 45304

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Arcanum, Darke County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 9, 2024

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Village of Arcanum, Ohio
Darke County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 135,402	\$ 215,792		\$351,194
Municipal Income Tax	800,470			800,470
Intergovernmental	113,046	162,426	\$ 4,830	280,302
Special Assessments	240		33,817	34,057
Charges for Services	56,928	97,303		154,231
Fines, Licenses and Permits	3,615			3,615
Earnings on Investments	48,204	464		48,668
Miscellaneous	24,990	17,907		42,897
<i>Total Cash Receipts</i>	<u>1,182,895</u>	<u>493,892</u>	<u>38,647</u>	<u>1,715,434</u>
Cash Disbursements				
Current:				
Security of Persons and Property	417,404	179,604		597,008
Public Health Services	10,978			10,978
Leisure Time Activities	1,223	64,507		65,730
Community Environment	89,104			89,104
Transportation		231,938		231,938
General Government	307,413			307,413
Intergovernmental			1,019	1,019
Capital Outlay	41,323	423,808	7,108	472,239
Debt Service:				
Principal Retirement	5,641	60,783	44,339	110,763
Interest and Fiscal Charges	495	9,575	28,050	38,120
<i>Total Cash Disbursements</i>	<u>873,581</u>	<u>970,215</u>	<u>80,516</u>	<u>1,924,312</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>309,314</u>	<u>(476,323)</u>	<u>(41,869)</u>	<u>(208,878)</u>
Other Financing Receipts (Disbursements)				
Loans Issued		392,108		392,108
Transfers In		54,000	20,384	74,384
Transfers Out	(74,384)			(74,384)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(74,384)</u>	<u>446,108</u>	<u>20,384</u>	<u>392,108</u>
<i>Net Change in Fund Cash Balances</i>	234,930	(30,215)	(21,485)	183,230
<i>Fund Cash Balances, January 1</i>	<u>1,569,063</u>	<u>827,478</u>	<u>128,134</u>	<u>2,524,675</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,803,993</u>	<u>\$ 797,263</u>	<u>\$ 106,649</u>	<u>\$ 2,707,905</u>

See accompanying notes to the financial statements

Village of Arcanum, Ohio
Darke County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 4,577,368
Miscellaneous	28,099
	4,605,467
<i>Total Operating Cash Receipts</i>	<i>4,605,467</i>
Operating Cash Disbursements	
Personal Services	872,369
Contractual Services	2,265,178
Supplies and Materials	388,851
Travel Transportation	13,805
	3,540,203
<i>Total Operating Cash Disbursements</i>	<i>3,540,203</i>
<i>Operating Income</i>	<i>1,065,264</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	2,410
Capital Outlay	(355,599)
Principal Retirement	(346,835)
Interest and Other Fiscal Charges	(200,630)
Other Non-Operating Receipts	9,074
Other Non-Operating Disbursements	(4,444)
	(896,024)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(896,024)</i>
<i>Net Change in Fund Cash Balances</i>	<i>169,240</i>
<i>Fund Cash Balances, January 1</i>	<i>3,569,776</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 3,739,016</i>

See accompanying notes to the financial statements

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Arcanum, Darke County, Ohio, (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water, sewer, and electric utilities, refuse services, park operations (leisure time activities), and police and fire services.

The Village participates in joint ventures. Note 11 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

Street Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Fire Fund

This fund receives property tax receipts, grant receipts, and the proceeds of charges for services for providing fire protection to Village residents and other local governments.

Capital Project Funds

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

South Main Street Reconstruction Fund

This fund is used to account for all financial resources and expenses associated with the reconstruction of South Main Street in the Village. This fund receives transfers and repays the debt to Ohio Public Works Commission (OPWC) related to the South Main Street reconstruction.

Village Admin/Police Department Project Fund

This fund is used to account for repayment of debt related to the new municipal building in the Village. In a previous year, the fund received transfers and loan proceeds.

Enterprise Funds

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

Water Fund

This fund is used to account for receipts received from user charges for water services provided to residents of the Village. The costs of providing services are financed through user charges.

Sewer Fund

This fund is used to account for receipts received from user charges for sewer services provided to residents of the Village. The costs of providing services are financed through user charges.

Electric Fund

This fund is used to account for receipts received from user charges for electric services provided to residents of the Village. The costs of providing services are financed through user charges.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Encumbrances

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Leases and SBITAs

The Village is the lessor in a lease (as defined by GASB 87) related to land under a noncancelable lease. Lease revenue is recognized when it is received.

The Village has entered into noncancelable subscription-based information technology arrangements (SBITA) contracts (as defined by GASB 96) related to public safety software. Subscription disbursements are recognized when they are paid.

Fund Balance

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

Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Restricted

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Committed

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

Assigned

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

Unassigned

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,032,099	\$1,182,895	\$150,796
Special Revenue	1,311,146	940,000	(371,146)
Capital Projects	1,231,541	59,031	(1,172,510)
Enterprise	4,453,476	4,616,951	163,475
Total	\$8,028,262	\$6,798,877	(\$1,229,385)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,754,053	\$987,458	\$766,595
Special Revenue	1,813,865	1,140,824	673,041
Capital Projects	1,283,797	80,516	1,203,281
Enterprise	5,573,531	4,610,739	962,792
Total	\$10,425,246	\$6,819,537	\$3,605,709

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts at December 31 are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$5,048,537
Certificates of deposit	1,117,543
Cash on Hand	400
Total deposits	6,166,480
STAR Ohio	280,441
Total investments	280,441
Total carrying amount of deposits and investments	6,446,921

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village, 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 public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Note 6 – Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$28,722 advanced from the General Fund to the Ivester Park Expansion Project-OPWC Fund during 2022 to provide funding for a land purchase related to the park.

Note 7 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

Some 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, 2023.

Ohio Police and Fire Pension Fund

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt activity during 2023 was as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Governmental Funds				
OPWC W. George St. CK38M	93,750	0	12,500	81,250
OPWC S. Main St. CT20Q	457,502	0	20,333	437,169
OPWC North Street Construction CT55W	286,336	0	10,226	276,110
USDA Municipal Building Bond	935,000	0	22,900	912,100
Greenville National Bank Server Loan	17,407	0	5,641	11,766
Greenville National Bank Fire Truck	251,800	392,108	48,283	595,625
Total Governmental Funds	2,041,795	392,108	119,883	2,314,020
Enterprise Funds				
OWDA Loan 3770	1,264,957	0	106,597	1,158,360
OWDA Loan 3771	578,713	0	40,951	537,762
OWDA Loan 4565	46,766	0	11,329	35,437
OWDA Loan 5007	1,598,235	0	83,197	1,515,038
OWDA Loan 8237	39,417	0	6,709	32,708
OPWC Phase II CK06F	13,750	0	13,750	0
USDA Revenue Bonds WWTP	4,860,800	0	84,300	4,776,500
Total Enterprise Funds	8,402,638	0	346,833	8,055,805
Total	10,444,433	392,108	466,716	10,369,825

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Public Works Commission (OPWC) Loan No CK38M relates to the West George Street Project. The OPWC has approved an interest free loan in the amount of \$250,000 for this project. The loan is being repaid in annual installments of \$12,500 over 20 years with final payment July 1, 2030. The loan is being repaid from the Permissive Tax Fund.

The Ohio Public Works Commission (OPWC) Loan No. CT20Q relates to the South Main Street Reconstruction project. The OPWC has approved a \$500,000 grant with an interest free loan in the amount of \$610,000 for this project. The loan is being repaid in annual installments of \$20,333 over 30 years with final payment July 1, 2045. The loan is being repaid from the South Main Street Reconstruction Fund.

The Ohio Public Works Commission (OPWC) Loan No. CT55W relates to the North Street Reconstruction project. The OPWC has approved a \$352,000 grant with an interest free loan in the amount of \$306,788 for this project. The loan is being repaid in annual installments of \$10,226 over 30 years with final payment January 1, 2051. The loan is being repaid from the North Street Reconstruction Fund.

The United State Department of Agriculture (USDA) Municipal Building Bond is related to a new Village administration/police building. The building was completed in February 2020. The total bond amount was \$1 million with an interest rate of 3% to be paid annually through 2049. The bond was repaid with the Village Admin/Police Department Capital Projects Fund and the General Fund during 2023.

Greenville National Bank approved a five-year loan in the amount of \$28,225 bearing an interest rate of 2.85% to purchase new servers. The loan will be repaid in annual installments of \$6,137 with final payment July 29, 2025. This loan will be paid from the General Fund.

Greenville National Bank approved a 15-year loan in the amount of \$643,908 bearing an interest rate of 3.25% for the purchase of a Rosenbauer Rescue fire truck. The loan will be repaid in annual installments of \$57,858 with a final maturity date of December 15, 2036. This loan will be repaid from the Fire Fund.

The Ohio Water Development Authority (OWDA) loan 3770 relates to the sanitary sewer phase II. The Village was approved for a loan in the amount of \$3,000,000 for this project. The loan is being repaid in annual installments of \$125,174, including principal and interest at 1.5%, over 30 years with final payment January 1, 2034. The loan is collateralized by water and sewer receipts and is being repaid from the Sewer Fund.

The Ohio Water Development Authority (OWDA) loan 3771 relates to the sanitary sewer phase II. The Village was approved for a loan in the amount of \$2,000,000. In May 2009, it was determined that the full amount would not need to be drawn on the loan. The loan is being repaid at 4.84% with the final payment scheduled on January 1, 2034. The loan is collateralized by water and sewer receipts and is being repaid from the Sewer Fund.

The Ohio Water Development Authority (OWDA) loan 4565 relates to the water plant upgrade. The Village was approved for a loan in the amount of \$200,000 for this project. The loan is being repaid in annual installments of \$12,208, including principal and interest at 2%, over 20 years. The loan is collateralized by water and sewer receipts. OWDA loan 4565 is being repaid from the Water Fund.

The Ohio Water Development Authority (OWDA) loan 5007 relates to the sanitary sewer phase III. The Village was approved for a loan in the amount of \$3,000,000 for this project. This loan is being repaid in annual installments of \$106,860, including principal and interest at 1.5%, over 30 years. OWDA loan 5007 is being repaid from the Sewer Fund.

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Water Development Authority (OWDA) loan 8237 relates to the Albright Road water expansion. The Village was approved for a loan in the amount of \$66,945 for this project. This loan is being repaid in semi-annual installments of \$3,903, including principal and interest at 2.87% and 3.14% over 10 years. The OWDA loan 8237 is being repaid from the Water Fund.

The Ohio Public Works Commission (OPWC) Loan CK06F relates to the sanitary sewer phase II. The OPWC has approved an interest free loan in the amount of \$300,000 for this project. The loan is being repaid in annual installments of \$15,000 over 20 years. This loan was paid in full during 2023 from the Sewer Fund.

The United State Department of Agriculture (USDA) Revenue Bonds relates to the Wastewater Treatment Plant project. The Wastewater Treatment Plant project started in August 2017. The project was completed in May 2019. The total bond amount was \$5,250,000 with an interest rate of 2.75% to be paid annually through 2057. The bond is being paid from the WWTP Debt Repayment Fund.

Amortization

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Enterprise Funds				Governmental Funds			
Year Ending	Total OWDA Loans			Year Ending	OPWC Loans		
December 31,	Interest	Principal	Total	December 31,	Interest	Principal	Total
2024	31,635	126,366	158,001	2024	-	21,530	21,530
2025	59,498	256,773	316,271	2025	-	43,060	43,060
2026	54,355	262,290	316,645	2026	-	43,060	43,060
2027	49,070	261,864	310,934	2027	-	43,060	43,060
2028	43,821	261,421	305,242	2028	-	43,060	43,060
2029-2033	138,564	1,355,528	1,494,092	2029-2033	-	177,798	177,798
2034-2038	33,898	597,082	630,980	2034-2038	-	152,798	152,798
2039-2040	2,375	157,915	160,290	2039-2043	-	152,798	152,798
Total	413,216	3,279,239	3,692,455	2044-2048	-	91,798	91,798
				2049-2051	-	25,566	25,566
				Total	-	794,528	794,528
Year Ending	USDA WWTP Revenue Bonds			Year Ending	Rosenbauer Fire Truck Loan		
December 31,	Interest	Principal	Total	December 31,	Interest	Principal	Total
2024	131,354	86,700	218,054	2024	19,358	38,500	57,858
2025	128,970	89,100	218,070	2025	18,107	39,751	57,858
2026	126,519	91,500	218,019	2026	16,815	41,043	57,858
2027	124,003	94,000	218,003	2027	15,481	42,377	57,858
2028	121,418	96,700	218,118	2028	14,104	43,754	57,858
2029-2033	565,736	524,500	1,090,236	2029-2033	48,240	241,048	289,288
2034-2038	489,541	600,600	1,090,141	2034-2036	9,318	149,152	158,470
2039-2043	402,287	687,900	1,090,187	Total	141,423	595,625	737,048
2044-2048	302,352	787,900	1,090,252				
2049-2053	187,891	902,300	1,090,191	Year Ending	Server Loan		
2054-2057	56,815	815,300	872,115	December 30,	Interest	Principal	Total
Total	2,636,886	4,776,500	7,413,386	2024	335	5,802	6,137
				2025	170	5,964	6,134
				Total	505	11,766	12,271
Year Ending	USDA Municipal Building Bonds			Year Ending	USDA Municipal Building Bonds		
December 31,	Interest	Principal	Total	December 31,	Interest	Principal	Total
2024	27,363	23,700	51,063	2024	27,363	23,700	51,063
2025	26,652	24,400	51,052	2025	26,652	24,400	51,052
2026	25,920	25,100	51,020	2026	25,920	25,100	51,020
2027	25,167	25,800	50,967	2027	25,167	25,800	50,967
2028	24,393	26,600	50,993	2028	24,393	26,600	50,993
2029-2033	109,491	145,600	255,091	2029-2033	109,491	145,600	255,091
2034-2038	86,301	168,800	255,101	2034-2038	86,301	168,800	255,101
2039-2043	59,415	195,700	255,115	2039-2043	59,415	195,700	255,115
2044-2048	28,248	226,900	255,148	2044-2048	28,248	226,900	255,148
2049	1,485	49,500	50,985	2049	1,485	49,500	50,985
Total	414,435	912,100	1,326,535	Total	414,435	912,100	1,326,535

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Joint Ventures with Equity Interest

OMEGA JV5

The Village is a Financing Participant with an ownership percentage of 0.84 percent, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating and Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net position will be shared by the Financing Participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge, and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations.

As of December 31, 2023, the Village had met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable had been reduced at December 31, 2016 to \$0.

On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. The 2016 BICs were redeemed in whole on February 15, 2021 with a draw on the Line of Credit which is evidenced by a subordinated note (the "2021 JV5 Note").

The Village's net investment to date in OMEGA JV5 was \$25,098 at December 31, 2022 (the most current information available). Complete financial statements for OMEGA JV5 may be obtained from AMP.

OMEGA JV2

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .03% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project Shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participant's entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20-year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2021, \$943,870 on AMP's Line of Credit was allocable to the financing of costs related to the JV2 Project. The Village's net investment in OMEGA JV2 was (\$310) at December 31, 2022 (the most current information available). Complete financial statements for OMEGA JV2 may be obtained from AMP.

The thirty-six participating subdivisions and their respective ownership share at December 31, 2022 (the most current information available) are:

Municipality	Percent Ownership	KW Entitlement	Municipality	Percent Ownership	KW Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.48%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.80%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	95.2%	127,640		<u>4.80%</u>	<u>6,441</u>
			Grand Total	100.00%	134,081

Under the Village's cash basis of accounting, the equity interest in OMEGA JV2 is not reported as an asset in the accompanying basic financial statements.

Segment Information for the Electric Fund

Included in the services provided by the Village are electric utility services financed primarily by user charges. The calculation of Joint Venture 5 (JV5) debt coverage and the financial breakdown of the Electric Fund are presented separately to satisfy debt covenant compliance requirements with AMP Ohio. The financial information for the year ended December 31, 2023 for these enterprises are indicated below:

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Calculation of JV5 Debt Coverage	
	2023
Operating Income	\$ 365,269
JV5 Debt Service (included below as cash disbursements to AMP Ohio)	74,599
KWH Tax from General fund	-
Adjusted Operating Income Available for Debt Service	439,868
OMEGA JV5 Debt Services (paid to AMP Ohio)	74,599
Other Electric System Debt Service	-
Total Electric System Debt	\$ 74,599
Coverage (Covenants require 110% coverage of all debt)	590%

As of December 31, 2023:	Fund 603 & 605 Electric Fund	Other Proprietary Funds	Total Proprietary Funds
Operating Cash Receipts			
Charges for Services	3,068,440	1,508,928	4,577,368
Other Operating Receipts	26,745	1,354	28,099
Total Operating Cash Receipts	3,095,185	1,510,282	4,605,467
Operating Cash Disbursements			
Personal Services	549,695	322,674	872,369
Contractual Services	1,947,931	317,247	2,265,178
Supplies and Materials	222,610	166,241	388,851
Other Operating Disbursements	9,680	4,125	13,805
Total Operating Cash Disbursements	2,729,916	810,287	3,540,203
Operating Receipts Over (Under) Operating Disbursements	365,269	699,995	1,065,264
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	1,142	1,268	2,410
Other Non-Operating Receipts	0	9,074	9,074
Other Non-Operating Disbursements	0	(4,444)	(4,444)
Capital Outlay	(259,772)	(95,827)	(355,599)
Principal Retirement	0	(346,835)	(346,835)
Interest and Other Fiscal Charges	0	(200,630)	(200,630)
Total Non-Operating Receipts (Disbursements)	(258,630)	(637,394)	(896,024)
Change in Net Position	106,639	62,601	169,240
Net Position - Cash Basis, January 1	1,828,357	1,741,419	3,569,776
Net Position - Cash Basis, December 31	1,934,996	1,804,020	3,739,016

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

As more fully described in the previous paragraphs, the Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 2,237 kilowatts of a total 771,281 kilowatts, giving the Village a 0.29 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$384,570. The Village received a credit of \$56,955 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$101,168 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$300,000 leaving a net credit balance of impaired cost estimate of \$73,553. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable.

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$4,846, and interest credited to the Village has been \$16,953, resulting in a net credit balance at December 31, 2023 of \$85,660. During 2023, the Village made no payments to AMP toward its net impaired cost estimate.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$9,116		9,116
Outstanding Encumbrances	39,493	170,609	210,102
<i>Total</i>	<u>\$48,609</u>	<u>\$170,609</u>	<u>\$219,218</u>

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

Village of Arcanum
Darke County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Contingent Liabilities

Federal and State Grants

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

Village of Arcanum
Darke County
309 South Albright Street
P.O. Box 398
Arcanum, Ohio 45304

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Arcanum, Darke County, (the Village) and have issued our report thereon dated May 9, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 9, 2024

VILLAGE OF ARCANUM
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

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

FINDING NUMBER 2023-001

Material Weakness – Financial Statement Errors

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

The following errors were identified and adjusted on the Village's financial statements:

- The Village omitted from the financial statements an Ohio Public Works Commission (OPWC) grant disbursement made on behalf of the Village, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the amount of \$4,830.
- The Village omitted from the financial statements loan proceeds and on-behalf disbursement related to a new fire truck, resulting in an understatement of capital outlay disbursements and loans issued in the amount of \$392,108 in the special revenue fund.

The above errors occurred due to omitting financial transactions from the accounting system, which led to not reporting the related financial activity on the financial statements. Failure to properly record and report financial activity could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect information.

The Village should establish and implement procedures to verify that all financial activity is properly recorded in the accounting system and accurately reported on the annual financial statements.

Officials' Response: I understand the financial statement errors and will continue to work with the Village Administrator and staff on establishing and implementing procedures for all financial activity so that it is properly recorded in the accounting system.

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VILLAGE OF
ARCANUM

PO Box 398, 309 S. Albright St.
 Arcanum, OH 45304

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2023**

OFFICES OF:

Mayor
 937-692-8500

Village
 Administration
 937-692-8500

Municipal Tax
 937-692-8500

Municipal Utilities
 937-692-8565

Planning & Zoning
 937-692-8500

Parks & Recreation
 937-692-8500

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness – Financial Statement Errors	Not corrected	Material financial statement errors were identified for 2023. Finding repeated as finding 2023-001 in the current audit.

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 937-692-5163

Web Site:
Villageofarc anum.com

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ARCANUM

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/28/2024

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

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