

**VILLAGE OF SHAWNEE
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

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

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
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Village Council
Village of Shawnee
PO Box 15
Shawnee, OH 43782

We have reviewed the *Independent Auditor's Report* of the Village of Shawnee, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2024

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**VILLAGE OF SHAWNEE
PERRY COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2023-2022**

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

INDEPENDENT AUDITORS' REPORT

Village of Shawnee
Perry County
P.O. Box 15
Shawnee, Ohio 43782

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Village of Shawnee, Perry County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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 combined total as of and for the years ended December 31, 2023 and 2022, 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 Village of Shawnee, Perry County as of December 31, 2023 and 2022, or changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards general 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 Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Village of Shawnee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village of Shawnee 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 general 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.

Emphasis of Matter

As described in Note 11 to the financial statements for 2022, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for 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 Village of Shawnee'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 Responsibility 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 September 26, 2024, on our consideration of Village of Shawnee'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 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 26, 2024

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 43,691	\$ 49,716	\$ 12,268	\$ -	\$ 105,675
Intergovernmental	44,930	109,382	1,248	-	155,560
Charges for Services	-	11,208	-	-	11,208
Earnings on Investments	2,909	-	-	-	2,909
Miscellaneous	5,958	1,387	-	-	7,345
Total Cash Receipts	<u>97,488</u>	<u>171,693</u>	<u>13,516</u>	<u>-</u>	<u>282,697</u>
Cash Disbursements					
Current:					
Security of Persons and Property	36,003	110,693	1,118	-	147,814
Public Health Services	-	21,412	-	-	21,412
Basic Utility Service	-	29,378	-	-	29,378
Transportation	-	39,153	-	-	39,153
General Government	25,901	35,161	-	-	61,062
Debt Service					
Principal	-	1,564	-	-	1,564
Interest	-	150	-	-	150
Total Cash Disbursements	<u>61,904</u>	<u>237,511</u>	<u>1,118</u>	<u>-</u>	<u>300,533</u>
Total Receipts Over/(Under) Disbursements	35,584	(65,818)	12,398	-	(17,836)
Other Financing Receipts/(Disbursements)					
Other Financing Sources	-	6,641	-	-	6,641
Other Financing Uses	(9,811)	(7,152)	-	-	(16,963)
Total Other Financing Receipts/(Disbursements)	(9,811)	(511)	-	-	(10,322)
Net Change in Fund Cash Balances	25,773	(66,329)	12,398	-	(28,158)
Fund Cash Balances, January 1, 2023	<u>129,138</u>	<u>243,347</u>	<u>123,899</u>	<u>1,065</u>	<u>497,449</u>
Fund Cash Balances, December 31, 2023	<u>\$ 154,911</u>	<u>\$ 177,018</u>	<u>\$ 136,297</u>	<u>\$ 1,065</u>	<u>\$ 469,291</u>

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 245,150
Total Operating Cash Receipts	245,150
Operating Cash Disbursements:	
Personal Services	51,670
Fringe Benefits	7,432
Contractual Services	125,173
Supplies and Materials	12,275
Other	5,308
Total Operating Cash Disbursements	201,858
Operating Income/(Loss)	43,292
Non-Operating Cash Receipts (Disbursements):	
Loans Issued	883,719
Debt Service-Principal	(901,464)
Debt Service-Interest	(19,250)
Miscellaneous Receipts	29,651
Total Non-Operating Cash Disbursements	(7,344)
Net Change in Fund Cash Balance	35,948
Fund Cash Balances, January 1, 2023	190,975
Fund Cash Balances, December 31, 2023	\$ 226,923

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shawnee, Perry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, cemetery maintenance, police and fire protection, emergency medical services and water and sewer services for its citizens.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Drug Law Enforcement Fund – This fund receives levy money for the operation of the police department within the Village.

Fire Fund – This fund receives money from three surrounding townships to provide fire protection services.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund 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 funds:

Fire Equipment Fund – This fund accounts for money from levy’s, grants and donations which are restricted for fire department equipment.

Permanent Funds

These funds account for and report financial 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 Village had the following significant permanent fund:

Nonexpendable Trust Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village’s cemetery.

Enterprise Funds

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

Water Fund – This fund receives loans and grants for the planning construction of a water distribution system as well as user fees from residents for the operation of the system.

Sewer Fund – This fund loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(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 117-2-03(C) permit.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2023 is as follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 135,950	\$ 97,488	\$ (38,462)
Special Revenue	249,900	178,334	(71,566)
Capital Projects	15,000	13,516	(1,484)
Permanent	10	-	(10)
Enterprise	1,226,200	1,158,520	(67,680)
Total	\$ 1,627,060	\$ 1,447,858	\$ (179,202)

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. BUDGETARY ACTIVITY

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,047	\$ 71,907	\$ 51,140
Special Revenue	311,030	246,094	64,936
Capital Projects	25,500	1,118	24,382
Permanent	10	-	10
Enterprise	1,203,047	1,124,885	78,162
Total	\$ 1,662,634	\$ 1,444,004	\$ 218,630

Contrary to ORC 5705.41(D), the Village made disbursements prior to certification
 Contrary to ORC 5705.10(I), the Enterprise Improvement Fund had a negative fund balance.

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 deposits and investment accounts are as follows:

	2023
<i>Cash Management Pool</i>	
Demand deposits	\$ 608,389
Certificate of Deposit	87,825
Total Carrying Amount of Deposits and Investments held in Pool	\$ 696,214

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository 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.

5. PROPERTY TAX

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

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.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

6. RISK MANAGEMENT

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2023 retention levels are \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2023

Assets	\$ 841,929
Liabilities	<u>(1,029,623)</u>
Accumulated Surplus	\$ (187,694)

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

Village Council Members 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.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. 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. For calendar year 2023, the portion of 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 allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

9. DEBT

Debt outstanding at December 31, 2023 was as follows:

	2023 Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 10,205	0.00
Ohio Water Development Authority Loan #4355	11,029	1.00
Ohio Water Development Authority Loan #5271	42,631	0.00
Ohio Water Development Authority Loan #5847	36,620	1.50
Ohio Water Development Authority Loan #6470	34,338	2.00
Ohio Water Development Authority Loan #7672	17,143	1.03
Ohio Water Development Authority Loan #9824	863,790	0.50
Total	\$ 1,015,756	

The Ohio Water Development Authority (OWDA), Ohio Public Works Commission (OPWC) loans relate to EPA mandated water and sewer construction projects. Water and sewer receipts collateralize these loans. In 2023, the Village refinanced the USDA loan with the Ohio Water Development Authority to take advantage of a lower interest rate.

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

Year Ending December 31	OPWC CT48Q	OWDA #4355	OWDA #5271	OWDA #5847
2024	\$ 498	\$ 4,478	\$ 2,508	\$ 2,329
2025	498	4,478	2,508	2,329
2026	498	2,239	2,508	2,329
2027	498	-	2,508	2,329
2028	498	-	2,508	2,329
2029-2033	2,490	-	12,540	11,645
2034-2038	2,490	-	12,540	11,645
2039-2043	2,490	-	5,011	6,987
2044-2048	245	-	-	-
	\$ 10,205	\$ 11,195	\$ 42,631	\$ 41,922

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

9. DEBT (Continued)

Year Ending December 31	OWDA #6470	OWDA #7672	OWDA #9824
2024	\$ 2,050	\$ 1,276	\$ 47,714
2025	2,050	1,276	47,714
2026	2,050	1,276	47,714
2027	2,050	1,276	47,714
2028	2,050	1,276	47,714
2029-2033	10,250	6,380	238,570
2034-2038	10,250	5,742	238,570
2039-2043	10,250	-	190,856
2044-2048	1,025	-	-
	<u>\$ 42,025</u>	<u>\$ 18,502</u>	<u>\$ 906,566</u>

10. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable 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 facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,065	\$ 1,065
Outstanding Encumb.	192	1,431	-	-	1,623
Total	<u>\$ 192</u>	<u>\$ 1,431</u>	<u>\$ -</u>	<u>\$ 1,065</u>	<u>\$ 2,688</u>

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

VILLAGE OF SHAWNEE
PERRY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 44,000	\$ 51,261	\$ 12,460	\$ -	\$ 107,721
Intergovernmental	41,467	90,438	1,152	-	133,057
Charges for Services	-	63,931	-	-	63,931
Fines, Licenses, and Permits	80	275	-	-	355
Earnings on Investments	627	-	-	-	627
Miscellaneous	8,159	2,262	-	-	10,421
Total Cash Receipts	<u>94,333</u>	<u>208,167</u>	<u>13,612</u>	<u>-</u>	<u>316,112</u>
Cash Disbursements					
Current:					
Security of Persons and Property	36,985	101,775	2,570	-	141,330
Public Health Services	-	15,206	-	-	15,206
Transportation	653	41,200	-	-	41,853
General Government	26,514	14,433	-	-	40,947
Capital Outlay	-	-	23,000	-	23,000
Debt Service					
Principal	1,961	975	-	-	2,936
Interest	68	64	-	-	132
Total Cash Disbursements	<u>66,181</u>	<u>173,653</u>	<u>25,570</u>	<u>-</u>	<u>265,404</u>
Total Receipts Over/(Under) Disbursements	28,152	34,514	(11,958)	-	50,708
Other Financing Receipts/(Disbursements)					
Other Financing Sources	22,506	-	-	-	22,506
Other Financing Uses	(22,500)	(4,473)	-	-	(26,973)
Total Other Financing Receipts/(Disbursements)	6	(4,473)	-	-	(4,467)
Net Change in Fund Cash Balances	28,158	30,041	(11,958)	-	46,241
Fund Cash Balances, January 1, 2022	<u>100,980</u>	<u>213,306</u>	<u>135,857</u>	<u>1,065</u>	<u>451,208</u>
Fund Cash Balances, December 31, 2022	<u>\$ 129,138</u>	<u>\$ 243,347</u>	<u>\$ 123,899</u>	<u>\$ 1,065</u>	<u>\$ 497,449</u>

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 226,883
Total Operating Cash Receipts	226,883
Operating Cash Disbursements:	
Personal Services	55,859
Fringe Benefits	6,943
Contractual Services	98,016
Supplies and Materials	15,095
Other	7,773
Total Operating Cash Disbursements	183,686
Operating Income/(Loss)	43,197
Non-Operating Cash Receipts (Disbursements):	
Debt Service-Principal	(34,426)
Debt Service-Interest	(40,783)
Miscellaneous Receipts	63
Total Non-Operating Cash Disbursements	(75,146)
Net Change in Fund Cash Balance	(31,949)
Fund Cash Balances, January 1, 2022	222,924
Fund Cash Balances, December 31, 2022	\$ 190,975

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shawnee, Perry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, cemetery maintenance, police and fire protection, emergency medical services and water and sewer services for its citizens.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Drug Law Enforcement Fund – This fund receives levy money for the operation of the police department within the Village.

Fire Fund – This fund receives money from three surrounding townships to provide fire protection services.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund 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 funds:

Fire Equipment Fund – This fund accounts for money from levy’s, grants and donations which are restricted for fire department equipment.

Permanent Funds

These funds account for and report financial 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 Village had the following significant permanent fund:

Nonexpendable Trust Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village’s cemetery.

Enterprise Funds

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

Water Fund – This fund receives loans and grants for the planning construction of a water distribution system as well as user fees from residents for the operation of the system.

Sewer Fund – This fund loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(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 117-2-03(C) permit.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2022 is as follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,900	\$ 116,839	\$ 3,939
Special Revenue	275,500	208,167	(67,333)
Capital Projects	15,000	13,612	(1,388)
Permanent	10	-	(10)
Enterprise	356,200	226,946	(129,254)
Total	\$ 759,610	\$ 565,564	\$ (194,046)

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. BUDGETARY ACTIVITY

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 126,986	\$ 88,928	\$ 38,058
Special Revenue	309,863	179,060	130,803
Capital Projects	26,652	25,570	1,082
Permanent	10	-	10
Enterprise	318,199	263,342	54,857
Total	\$ 781,710	\$ 556,900	\$ 224,810

Contrary to ORC 5705.41(D), the Village made disbursements prior to certification
 Contrary to ORC 5705.10(I), the Enterprise Improvement Fund had a negative fund balance.

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 deposits and investment accounts are as follows:

	2022
<i>Cash Management Pool</i>	
Demand deposits	\$ 603,424
Certificate of Deposit	85,000
Total Carrying Amount of Deposits and Investments held in Pool	\$ 688,424

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository 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.

5. PROPERTY TAX

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

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.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

6. RISK MANAGEMENT

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2022 retention levels are \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2022.

Assets	\$ 909,464
Liabilities	<u>(1,109,394)</u>
Accumulated Surplus	\$ (199,930)

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

Village Council Members contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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 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.

9. DEBT

Debt outstanding at December 31, 2022 was as follows:

	2022 Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 10,703	0.00
Ohio Water Development Authority Loan #4355	15,364	1.00
Ohio Water Development Authority Loan #5271	45,139	0.00
Ohio Water Development Authority Loan #5847	38,380	1.50
Ohio Water Development Authority Loan #6470	35,681	2.00
Ohio Water Development Authority Loan #7672	18,234	1.03
Peoples National Bank	1,564	3.95
United States Department of Agriculture Loan	870,000	4.38
Total	\$ 1,035,065	

The Ohio Water Development Authority (OWDA), Ohio Public Works Commission (OPWC), and the United States Department of Agricultural loans relate to EPA mandated water and sewer construction projects. Water and sewer receipts collateralize these loans. OWDA Loan was restated to \$40,825 as of January 1, 2018.

In 2018, the Village entered into a loan with Peoples National Bank in the amount of \$10,954 to purchase a zero turn mower. It will be paid semi-annually and is for a period of five years with interest at 3.95%

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

9. DEBT (Continued)

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

Year Ending December 31	OPWC CT48Q	Peoples Bank	OWDA #4355	OWDA #5271
2023	\$ 498	\$ 1,868	\$ 4,478	\$ 2,508
2024	498	-	4,478	2,508
2025	498	-	4,478	2,508
2026	498	-	2,239	2,508
2027	498	-	-	2,508
2028-2032	2,490	-	-	12,540
2033-2037	2,490	-	-	12,540
2038-2042	2,490	-	-	7,519
2043-2047	743	-	-	-
	<u>\$ 10,703</u>	<u>\$ 1,868</u>	<u>\$ 15,673</u>	<u>\$ 45,139</u>

Year Ending December 31	OWDA #5847	OWDA #6470	OWDA #7672	USDA
2023	\$ 2,329	\$ 2,050	\$ 1,276	\$ 62,063
2024	2,329	2,050	1,276	62,013
2025	2,329	2,050	1,276	61,919
2026	2,329	2,050	1,276	62,781
2027	2,329	2,050	1,276	62,556
2028-2032	11,645	10,250	6,380	312,613
2033-2037	11,645	10,250	6,380	312,282
2038-2042	9,316	10,250	638	311,676
2043-2047	-	3,075	-	124,744
	<u>\$ 44,251</u>	<u>\$ 44,075</u>	<u>\$ 19,778</u>	<u>\$ 1,372,647</u>

10. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable 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 facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,065	\$ 1,065
Outstanding Encumb.	247	934	-	-	1,181
Total	<u>\$ 247</u>	<u>\$ 934</u>	<u>\$ -</u>	<u>\$ 1,065</u>	<u>\$ 2,246</u>

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

10. FUND BALANCES

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

11. COVID-19

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

The Village received \$33,893 in 2022 from the American Rescue Plan.

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

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

Village of Shawnee
Perry County
P.O. Box 15
Shawnee, Ohio 43782

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements the cash balances, receipts, and disbursements for each governmental fund and proprietary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of Village of Shawnee, Perry County (the Village) and have issued our report thereon dated September 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Shawnee'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 opinion 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001, 2023-002 and 2023-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Shawnee's financial statements are free of 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2023-004 and 2023-005.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 26, 2024

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Material Weakness – Posting of Budget

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

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

Fund	Year	Est. Certificate	UAN System	Variance
General	2022	\$ 112,900	\$ 135,400	\$ (22,500)
Water Operating	2022	149,500	174,500	(25,000)

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

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

FINDING NUMBER 2023-002

Material Weakness – Financial Reporting

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

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-002 (Continued)

For 2023

- An adjustment of \$1,203, \$109, \$268, \$552, \$238, \$178 and \$318 in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund, respectively to increase Property and Other Local Taxes and a corresponding increase in expenses to “Gross-Up” real estate tax monies received.
- Reclassifications in the amount of \$5,427, \$501, \$1,761, \$1,474, \$889, \$872 and \$1,248, respectively to increase Intergovernmental Revenue and decrease Property and Other Local Taxes due to Rollbacks being incorrectly posted in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund.
- Reclassification of \$14,809 to increase Intergovernmental Revenue and decrease Miscellaneous Revenue in the General Fund for a grant.
- Reclassification of \$564 to increase Principal Retirement and a decrease to Transportation to show debt paid in the Street Fund.
- Reclassification of \$28,186 and \$41,098 to increase Intergovernmental Revenue and to decrease Other Financing Sources in the Street Fund and Fire Levy Fund, respectively for monies received from other governmental entities.
- Reclassification of \$28,816 to increase General Government and \$29,378 to increase Basic Utility Services and decrease Other Financing Uses in the American Rescue Plan Fund.
- Reclassification of \$54,360 to increase Security of Persons and decrease Other Financing Uses in the Fire Levy Fund.
- An adjustment to increase Loan Proceeds in the amount of \$883,719 and to increase Principal Retirement by \$870,000 and Interest and Fiscal Charges by \$13,719 to record refinancing of USDA Bonds by the Ohio Water Development Authority (OWDA).

For 2022:

- An adjustment of \$1,369, \$106, \$256, \$527, \$239, \$172 and \$316 in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund, respectively to increase Property and Other Local Taxes and a corresponding increase in expenses to “Gross-Up” real estate tax monies received.
- Reclassifications in the amount of \$4,955, \$461, \$1,959, \$1,383, \$807, \$807 and \$1,152, respectively to increase Intergovernmental Revenue and decrease Property and Other Local Taxes due to Rollbacks being incorrectly posted in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund.
- Reclassification of \$10,000 to increase Intergovernmental Revenue and decrease Other Financing Sources in the General Fund for county monies.
- Reclassification of \$1,961 to increase Principal Retirement and \$68 to increase Interest and Other Fiscal Charges and a decrease of \$2,029 to General Government to show debt paid in the General Fund.
- Reclassification of \$33,759 to increase Intergovernmental Revenue and decrease Other Financing Sources for the American Rescue Plan Fund.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-002 (Continued)

- Reclassification of \$31,843 to increase Charges for Services and decrease Intergovernmental Revenue in the Fire Levy Fund for contracts.
- Reclassification of \$45,089 to increase Intergovernmental Revenue and decrease Other Financing Sources in the Fire Levy Fund for FEMA reimbursements.
- Reclassification of \$9,820 to increase General Government and decrease Other Financing Uses in the American Rescue Plan Fund for general expenditures.
- Reclassification of \$47,729 to increase Security of Persons and decrease Other Financing Uses in the Fire Levy Fund for repairs.
- Reclassification of \$23,000 to increase Capital Outlay and decrease Security of Persons in the Fire Levy Fund for equipment purchased.
- Reclassification of \$844 to increase Interest and Fiscal Charges and decrease Principal Retirement in the Water Operating Fund.

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

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

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

FINDING NUMBER 2023-003

Material Weakness

We noted that the Village was charging \$25.25 as a base rate for 0 to 2,000 gallons and sewer at \$36.75 as a base rate for 0 to 2,000 gallons instead of the Council approved rates of \$25.75 and \$35.75, respectively for 2023.

We noted that the Village was charging \$24.75 as a base rate for 0 to 2,000 gallons and sewer at \$36.25 as a base rate for 0 to 2,000 gallons instead of the Council approved rates of \$25.00 and \$35.50, respectively for 2022.

We recommend that utility records and reports should be reviewed on a periodic basis to ensure the appropriate rates are being charged to customers.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-004

Noncompliance

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

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

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

The Village did not certify the availability of funds prior to the purchase commitment for 22% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-005

Noncompliance

Ohio Revised Code Section 5705.10(I) provides that money paid into a fund must be used only for the purposes which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2023 and 2022, the Enterprise Improvement Fund had a negative fund balance of \$1,295.

We recommend available fund cash balances be reviewed regularly to evaluate the reasoning behind a negative cash balance and determine how to correct the situation when necessary. The Village's management should ensure that money from one fund is not used to cover the expenses of another fund.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2023**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2021-001	Material Weakness Budgetary amounts not agreeing with UAN system	No	Not Corrected Repeated as Finding 2023-001
2021-002	Noncompliance 5705.39, appropriations exceeding estimated resources	Yes	Finding No Longer Valid
2021-003	Material Weakness Reclassifications and adjustments	No	Not Corrected Repeated as Finding 2023-002
2021-004	Material Weakness Utility Rates charged	No	Not Corrected Repeated as Finding 2023-003
2021-005	Noncompliance ORC 5705.41(D), expenditures made prior to certification	No	Not Corrected Repeated as Finding 2023-004
2021-006	Noncompliance ORC 5705.10(I), negative fund balance	No	Not Corrected Repeated as Finding 2023-005

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SHAWNEE

PERRY 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 12/3/2024

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