

VILLAGE OF SHAWNEE
AUDIT REPORT
JANUARY 1, 2018 - DECEMBER 31, 2019

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

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Shawnee
PO Box 15
Shawnee, Ohio 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, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 29, 2020

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**VILLAGE OF SHAWNEE
PERRY COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 24, 2020, on our consideration of the 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 24, 2020

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, 2019

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 36,866	\$ 60,303	\$ 10,475	\$ -	\$ 107,644
Intergovernmental	28,591	34,230	1,320	-	64,141
Charges for Services	-	15,377	-	-	15,377
Fines, Licenses, and Permits	-	243	-	-	243
Earnings on Investments	1,496	-	-	-	1,496
Miscellaneous	6,718	5,399	-	-	12,117
Total Cash Receipts	73,671	115,552	11,795	-	201,018
Cash Disbursements					
Current:					
Security of Persons and Property	14,079	52,332	1,232	-	67,643
Public Health Services	-	16,395	-	-	16,395
Transportation	313	53,979	-	-	54,292
General Government	26,339	3,199	2,832	-	32,370
Capital Outlay	-	-	74,260	-	74,260
Debt Service					
Principal	-	2,112	-	-	2,112
Interest	-	521	-	-	521
Total Cash Disbursements	40,731	128,538	78,324	-	247,593
Total Receipts Over/(Under) Disbursements	32,940	(12,986)	(66,529)	-	(46,575)
Other Financing Receipts/(Disbursements)					
Other Financing Sources	-	7,974	60,000	-	67,974
Other Financing Uses	(3,130)	-	-	-	(3,130)
Total Other Financing Receipts/(Disbursements)	(3,130)	7,974	60,000	-	64,844
Net Change in Fund Cash Balances	29,810	(5,012)	(6,529)	-	18,269
Fund Cash Balances, January 1, 2019	13,511	187,914	121,969	1,065	324,459
Fund Cash Balances, December 31, 2019					
Nonspendable	-	-	-	1,065	1,065
Restricted	-	182,902	115,440	-	298,342
Assigned	484	-	-	-	484
Unassigned (Deficit)	42,837	-	-	-	42,837
Fund Cash Balances, December 31, 2019	\$ 43,321	\$ 182,902	\$ 115,440	\$ 1,065	\$ 342,728

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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 222,217	\$ -	\$ 222,217
Total Operating Cash Receipts	<u>222,217</u>	<u>-</u>	<u>222,217</u>
Operating Cash Disbursements:			
Personal Services	38,592	-	38,592
Fringe Benefits	4,878	-	4,878
Contractual Services	69,309	-	69,309
Supplies and Materials	18,742	-	18,742
Other	4,925	-	4,925
Total Operating Cash Disbursements	<u>136,446</u>	<u>-</u>	<u>136,446</u>
Operating Income/(Loss)	<u>85,771</u>	<u>-</u>	<u>85,771</u>
Non-Operating Cash Receipts (Disbursements):			
Debt Service-Principal	(36,354)	-	(36,354)
Debt Service-Interest	(49,950)	-	(49,950)
Special Assessments	10,722	-	10,722
Total Non-Operating Cash Disbursements	<u>(75,582)</u>	<u>-</u>	<u>(75,582)</u>
Net Change in Fund Cash Balance	<u>10,189</u>	<u>-</u>	<u>10,189</u>
Fund Cash Balances, January 1, 2019, restated	<u>198,618</u>	<u>2,625</u>	<u>201,243</u>
Fund Cash Balances, December 31, 2019	<u>\$ 208,807</u>	<u>\$ 2,625</u>	<u>\$ 211,432</u>

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of 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'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, 2019**

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:

Other Capital Project Fund – This fund accounts for money from 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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. BUDGETARY ACTIVITY

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,250	\$ 73,671	\$ (33,579)
Special Revenue	130,000	123,526	(6,474)
Capital Projects	12,500	71,795	59,295
Enterprise	323,025	232,939	(90,086)
Total	\$ 572,775	\$ 501,931	\$ (70,844)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,909	\$ 44,345	\$ 57,564
Special Revenue	151,570	128,538	23,032
Capital Projects	82,760	78,324	4,436
Enterprise	273,966	222,750	51,216
Total	\$ 610,205	\$ 473,957	\$ 136,248

Contrary to ORC 5705.41(D), the Village made disbursements prior to certification

Contrary to ORC 5705.41(B), the Cemetery fund had expenditures exceed appropriations.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2019
Demand Deposits	\$ 521,222
Certificate of Deposit	32,938
Total Deposits	\$ 554,160

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

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

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, 2019, retention levels are \$50,000 and \$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, 2019.

Assets	\$1,582,183
Liabilities	<u>(1,087,219)</u>
Accumulated Surplus	\$ <u>494,964</u>

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

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, 2019.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	2019 Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 12,197	0.00
Ohio Water Development Authority Loan #4355	28,112	1.00
Ohio Water Development Authority Loan #5271	52,662	0.00
Ohio Water Development Authority Loan #5847	43,504	1.50
Ohio Water Development Authority Loan #6470	39,552	2.00
Ohio Water Development Authority Loan #7672	21,440	1.03
Peoples National Bank	8,832	3.95
United States Department of Agriculture Loan	936,000	4.38
Total	\$ 1,142,299	

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

9. DEBT (Continued)

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%

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

Year Ending December 31	OPWC CT48Q	Peoples Bank	OWDA #4355	OWDA #5271
2020	\$ 498	\$ 2,459	\$ 4,478	\$ 2,508
2021	498	2,459	4,478	2,508
2022	498	2,459	4,478	2,508
2023	498	2,459	4,478	2,508
2024	498	-	4,478	2,508
2025-2029	2,490	-	6,717	12,540
2030-2034	2,490	-	-	12,540
2035-2039	2,490	-	-	12,540
2040-2044	2,237	-	-	2,502
	<u>\$ 12,197</u>	<u>\$ 9,836</u>	<u>\$ 29,107</u>	<u>\$ 52,662</u>

Year Ending December 31	OWDA #5847	OWDA #6470	OWDA #7672	USDA
2020	\$ 2,329	\$ 2,050	\$ 1,276	\$ 61,950
2021	2,329	2,050	1,276	62,031
2022	2,329	2,050	1,276	62,069
2023	2,329	2,050	1,276	62,063
2024	2,329	2,050	1,276	62,013
2025-2029	11,645	10,250	6,380	312,519
2030-2034	11,645	10,250	6,380	311,869
2035-2039	11,645	10,250	4,466	312,039
2040-2044	4,658	9,225	-	312,144
	<u>\$ 51,238</u>	<u>\$ 50,225</u>	<u>\$ 23,606</u>	<u>\$ 1,558,697</u>

10. SUBSEQUENT EVENTS

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

11. RESTATEMENT OF FUND BALANCE

Fund balance in the Enterprise Fund has been restated for the year beginning January 1, 2019 as voided checks and ACH payments were cleared from old bank reconciliations:

	General Fund
Fund Balance at December 31, 2018	\$ 186,959
Adjustments	11,659
Fund Balance at January 1, 2019	<u>\$ 198,618</u>

**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, 2018**

	<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	\$ 38,823	\$ 50,310	\$ 10,701	\$ -	\$ 99,834
Intergovernmental	31,972	30,152	1,313	-	63,437
Charges for Services	1,575	17,196	-	-	18,771
Fines, Licenses, and Permits	2,024	-	-	-	2,024
Earnings on Investments	866	-	-	-	866
Miscellaneous	3,810	450	-	-	4,260
Total Cash Receipts	<u>79,070</u>	<u>98,108</u>	<u>12,014</u>	<u>-</u>	<u>189,192</u>
Cash Disbursements					
Current:					
Security of Persons and Property	43,387	28,542	-	-	71,929
Public Health Services	-	13,177	-	-	13,177
Transportation	103	23,931	-	-	24,034
General Government	40,016	2,309	312	-	42,637
Capital Outlay	-	10,954	-	-	10,954
Debt Service					
Principal	2,113	3,000	-	-	5,113
Total Cash Disbursements	<u>85,619</u>	<u>81,913</u>	<u>312</u>	<u>-</u>	<u>167,844</u>
Total Receipts Over/(Under) Disbursements	(6,549)	16,195	11,702	-	21,348
Other Financing Receipts/(Disbursements)					
Other Financing Sources	11,640	1,550	-	-	13,190
Debt Proceeds	-	10,954	-	-	10,954
Other Financing Uses	(2,138)	-	-	-	(2,138)
Total Other Financing Receipts/(Disbursements)	<u>9,502</u>	<u>12,504</u>	<u>-</u>	<u>-</u>	<u>22,006</u>
Net Change in Fund Cash Balances	2,953	28,699	11,702	-	43,354
Fund Cash Balances, January 1, 2018	<u>10,558</u>	<u>159,215</u>	<u>110,267</u>	<u>1,065</u>	<u>281,105</u>
Fund Cash Balances, December 31, 2018					
Nonspendable	-	-	-	1,065	1,065
Restricted	-	187,914	121,969	-	309,883
Assigned	1,126	-	-	-	1,126
Unassigned (Deficit)	12,385	-	-	-	12,385
Fund Cash Balances, December 31, 2018	<u>\$ 13,511</u>	<u>\$ 187,914</u>	<u>\$ 121,969</u>	<u>\$ 1,065</u>	<u>\$ 324,459</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 227,805	\$ -	\$ 227,805
Total Operating Cash Receipts	<u>227,805</u>	<u>-</u>	<u>227,805</u>
Operating Cash Disbursements:			
Personal Services	19,360	-	19,360
Fringe Benefits	2,281	-	2,281
Contractual Services	98,388	-	98,388
Supplies and Materials	18,242	-	18,242
Other	9,376	-	9,376
Total Operating Cash Disbursements	<u>147,647</u>	<u>-</u>	<u>147,647</u>
Operating Income/(Loss)	<u>80,158</u>	<u>-</u>	<u>80,158</u>
Non-Operating Cash Receipts (Disbursements):			
Debt Service-Principal	(24,301)	-	(24,301)
Debt Service-Interest	(47,213)	-	(47,213)
Total Non-Operating Cash Disbursements	<u>(71,514)</u>	<u>-</u>	<u>(71,514)</u>
Net Change in Fund Cash Balance	8,644	-	8,644
Fund Cash Balances, January 1, 2018	<u>178,315</u>	<u>2,625</u>	<u>180,940</u>
Fund Cash Balances, December 31, 2018	<u>\$ 186,959</u>	<u>\$ 2,625</u>	<u>\$ 189,584</u>

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of 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'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, 2018**

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:

Other Capital Project Fund – This fund accounts for money from 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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. BUDGETARY ACTIVITY

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

2018 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 86,339	\$ 90,710	\$ 4,371
Special Revenue	96,670	110,612	13,942
Capital Projects	10,000	12,014	2,014
Enterprise	323,100	227,805	(95,295)
Total	<u>\$ 516,109</u>	<u>\$ 441,141</u>	<u>\$ (74,968)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 101,517	\$ 88,883	\$ 12,634
Special Revenue	105,742	81,913	23,829
Capital Projects	5,000	312	4,688
Enterprise	255,280	219,161	36,119
Total	<u>\$ 467,539</u>	<u>\$ 390,269</u>	<u>\$ 77,270</u>

Contrary to ORC 5705.41(D), the Village made disbursements prior to certification

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2018
Demand Deposits	\$ 481,594
Certificate of Deposit	32,449
Total Deposits	\$ 514,043

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

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

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, 2018, retention levels are \$50,000 and \$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, 2018.

Assets	\$1,341,128
Liabilities	(884,941)
Accumulated Surplus	\$ 456,187

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

Social Security

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, 2018.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. DEBT

Debt outstanding at December 31, 2018 was as follows:

	2018	
	Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 12,695	0.00
Ohio Public Works Commission Loan CT963	4,225	0.00
Ohio Water Development Authority Loan #4355	32,278	1.00
Ohio Water Development Authority Loan #5271	55,170	0.00
Ohio Water Development Authority Loan #5847	45,162	1.50
Ohio Water Development Authority Loan #6470	40,794	2.00
Ohio Water Development Authority Loan #7672	22,487	1.03
Peoples National Bank	10,954	3.95
United States Department of Agriculture Loan	957,000	4.38
Total	\$ 1,180,765	

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.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

9. DEBT (Continued)

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%

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

Year Ending December 31	OPWC CT48Q	OPWC CT963	OWDA #4355	OWDA #5271
2019	\$ 498	\$ 4,225	\$ 4,478	\$ 2,508
2020	498	-	4,478	2,508
2021	498	-	4,478	2,508
2022	498	-	4,478	2,508
2023	498	-	4,478	2,508
2024-2028	2,490	-	11,195	12,540
2029-2033	2,490	-	-	12,540
2034-2038	2,490	-	-	12,540
2039-2043	2,490	-	-	5,010
2044-2048	245	-	-	-
	<u>\$ 12,695</u>	<u>\$ 4,225</u>	<u>\$ 33,585</u>	<u>\$ 55,170</u>

Year Ending December 31	OWDA #5847	OWDA #6470	OWDA #7672	USDA
2019	\$ 2,329	\$ 2,050	\$ 1,276	\$ 62,869
2020	2,329	2,050	1,276	61,950
2021	2,329	2,050	1,276	62,031
2022	2,329	2,050	1,276	62,069
2023	2,329	2,050	1,276	62,063
2024-2028	11,645	10,250	6,380	311,557
2029-2033	11,645	10,250	6,380	312,394
2034-2038	11,645	10,250	5,742	312,357
2039-2043	6,987	10,250	-	311,651
2044-2048	-	1,025	-	62,625
	<u>\$ 53,567</u>	<u>\$ 52,275</u>	<u>\$ 24,882</u>	<u>\$ 1,621,566</u>

Year Ending December 31	Peoples Bank
2019	\$ 2,459
2020	2,459
2021	2,459
2022	2,459
2023	2,459
	<u>\$ 12,295</u>

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**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 Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Shawnee, Perry County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 24, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider finding 2019-001, 2019-003 and 2019-004 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 tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2019-002.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 24, 2020

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

FINDING NUMBER 2019-001

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
Police	2019	\$ 22,500	\$ 28,412	\$ 5,912
Capital Projects	2019	12,500	72,500	60,000
General	2018	86,339	105,450	19,111
Police	2018	19,270	18,500	(770)

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

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

FINDING NUMBER 2019-002

Noncompliance

Ohio Revised Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds, which had expenditures greater than appropriation authority.

Fund	Year	Appropriation Authority	Expenditures	Variance
Cemetery	2019	\$ 13,055	\$ 15,965	\$ (2,910)

We recommend Council review expenditures versus appropriation authority throughout the year. Also, Council should not approve expenditures greater than appropriations. This results in the Village spending more money than it appropriated and could cause possible negative fund balances.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

FINDING NUMBER 2019-003

Material Weakness – Financial Reporting

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

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

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

For 2019:

- An adjustment of \$806, \$121, \$430, \$560, \$254, \$199 and \$333 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 \$5,697, \$529, \$2,239, \$1,612, \$938, \$922 and \$1,320, 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 \$2,112 to increase Principal Retirement and \$521 to increase Interest and Other Fiscal Charges and a decrease of \$2,633 to Transportation to show debt paid in the Street Fund.
- Reclassification of \$1,600 to increase Security of Persons and Property and decrease Other Financing Uses in the EMS Levy Fund for payment to Hocking County EMS.
- Reclassification of \$74,260 to increase Capital Outlay and \$2,499 to increase General Government and \$76,759 to decrease Other Financing Uses in the Capital Projects Fund to properly show expenses.
- Reclassification of \$10,722 to increase Special Assessments and decrease Charges for Services in the Enterprise Fund for delinquent utility bills collected by the County Auditor.
- Reclassification of \$5,092 to increase Interest and Other Fiscal Charges and to decrease Principal Retirement in the Enterprise Funds to properly show debt paid.
- Reclassification of \$484 to increase Assigned Fund Balance and decrease Unassigned Fund Balance in the General Fund for outstanding encumbrances.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

FINDING NUMBER 2019-003 (Continued)

For 2018:

- An adjustment of \$1,384, \$109, \$423, \$570, \$231, \$179 and \$312 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 \$5,188, \$480, \$1,985, \$2,051, \$961, \$833 and \$1,313, 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 \$1,919 to increase Fines, Licenses and Permits and \$1,575 to increase Charges for Services and \$3,494 to decrease Miscellaneous Revenue in the General Fund to properly state receipts.
- Reclassification of \$2,113 to increase Principal Retirement and decrease General Government to properly show debt paid.
- An adjustment of \$10,954 to increase Capital Outlay and increase Debt Proceeds to show debt issued in the Street Fund.
- Reclassification of \$1,050 to increase Charges for Services and decrease Other Financing Sources in the Cemetery Fund for sale of lots.
- Reclassification of \$1,308 to increase Interest and Other Fiscal Charges and to decrease Principal Retirement in the Enterprise Funds to properly show debt paid.
- Reclassification of \$1,126 to increase Assigned Fund Balance and decrease Unassigned Fund Balance in the General Fund for outstanding encumbrances.
- An adjustment of \$1,317 to increase Fund Balance in the State Highway Fund and decrease Fund Balance in the Street Fund to properly state gas tax monies received and post them to the correct 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.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

FINDING NUMBER 2019-004

Material Weakness

We noted that the Village was charging \$23.25 as a base rate for 0 to 2,000 gallons and sewer at \$35.75 as a base rate for 0 to 2,000 gallons instead of the Council approved rates of \$23.50 and \$35.00, respectively from January 1, 2018 through October 31, 2018.

We noted that the Village was charging \$23.75 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 \$24.00 and \$35.50, respectively from November 1 through December 31, 2018.

We noted that the Village was charging \$23.75 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 \$24.50 and \$35.50, respectively for 2019. Due to an error in entering base amounts into the Utility System.

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 PRIOR AUDIT FINDINGS
December 31, 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Noncompliance and Material Weakness Premanent Appropriations passed and expenditures exceeding appropriations	No	Not Corrected Repeated as Finding 2019-002
2017-02	Material Weakness Budgetary amounts not agreeing with UAN system	No	Not Corrected Repeated as Finding 2019-001
2017-003	Noncompliance and Material Weakness Mayors Court	Yes	Finding No Longer Valid No Mayors Court in 2018 or 2019
2017-004	Material Weakness Utility Rates charged	No	Not Corrected Repeated as Finding 2019-004
2017-005	Material Weakness Reclassifications and adjustments	No	Not Corrected Repeated as Finding 2019-003
2017-006	Material Weakness Segregation of Duties exceed estimated revenue	Yes	Finding No Longer Valid

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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 10/13/2020

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

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