



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF JUNCTION CITY
PERRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2020.....	6
Notes to the Financial Statements For the Year Ended December 31, 2020.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019.....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2019.....	16
Notes to the Financial Statements For the Year Ended December 31, 2019.....	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	31

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Junction City
Perry County
P.O. Box 105
Junction City, OH 43748-0105

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes of the Village of Junction City, Perry County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 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 such 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 § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 § 117.38 and Ohio Administrative Code 117-2-03(D) permit. Our opinion on this accounting basis 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, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the year then ended.

Basis for Additional Opinion Qualifications

Charges for services are reported at \$158,635 and \$166,877 for the Special Revenue Funds for the years ended December 31, 2020 and 2019, respectively, which are 52 percent of Special Revenue Fund receipts for the year ended December 31, 2020, and 71 percent of Special Revenue Fund receipts for the year ended December 31, 2019. Charges for services receipts are reported at \$317,865 and \$312,451 for the Enterprise Funds for the years ended December 31, 2020 and 2019, respectively, which is 88 percent of total Enterprise Fund operating receipts for the year ended December 31, 2020, and 97 percent of total Enterprise Fund operating receipts for the year ended December 31, 2019.

We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualifications

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue Fund and Enterprise Fund as of and for the years ended December 31, 2020 and December 31, 2019, and related notes of the Village of Junction City, Perry County, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Unmodified 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 for the General Fund and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for the General Fund and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements for 2019 and 2020, the financial impact of COVID-19 and the continuing emergency measures may 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 our report dated March 8, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2022

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**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,886	\$6,170	\$26,056
Intergovernmental	21,570	124,595	146,165
Charges for Services	150	158,635	158,785
Fines, Licenses and Permits	10,936	0	10,936
Earnings on Investments	1,380	179	1,559
Miscellaneous	20,213	15,630	35,843
<i>Total Cash Receipts</i>	74,135	305,209	379,344
Cash Disbursements			
Current:			
Security of Persons and Property	39,952	126,709	166,661
Public Health Services	0	50,608	50,608
Basic Utility Services	15,457	16,051	31,508
Transportation	3,651	13,703	17,354
General Government	22,474	52,138	74,612
Capital Outlay	0	115,479	115,479
<i>Total Cash Disbursements</i>	81,534	374,688	456,222
<i>Net Change in Fund Cash Balances</i>	(7,399)	(69,479)	(76,878)
<i>Fund Cash Balances, January 1</i>	32,493	287,353	319,846
<i>Fund Cash Balances, December 31</i>	\$25,094	\$217,874	\$242,968

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$317,865	\$0	\$317,865
Miscellaneous	43,887	16,685	60,572
<i>Total Operating Cash Receipts</i>	<u>361,752</u>	<u>16,685</u>	<u>378,437</u>
Operating Cash Disbursements			
Personal Services	69,419	0	69,419
Contractual Services	176,846	0	176,846
Supplies and Materials	22,617	0	22,617
Other	46,846	0	46,846
<i>Total Operating Cash Disbursements</i>	<u>315,728</u>	<u>0</u>	<u>315,728</u>
<i>Operating Income</i>	<u>46,024</u>	<u>16,685</u>	<u>62,709</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments (proprietary funds only)	525	0	525
Loans Issued	12,437	0	12,437
Principal Retirement	(6,848)	0	(6,848)
Interest and Other Fiscal Charges	(3,319)	0	(3,319)
Other Financing Uses	0	(16,685)	(16,685)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>2,795</u>	<u>(16,685)</u>	<u>(13,890)</u>
<i>Net Change in Fund Cash Balances</i>	48,819	0	48,819
<i>Fund Cash Balances, January 1</i>	<u>315,778</u>	<u>674</u>	<u>316,452</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$364,597</u></u>	<u><u>\$674</u></u>	<u><u>\$365,271</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Junction City (the Village), Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services, fire services, and EMS. The Village appropriates general fund money to support a volunteer fire department.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fire Fund The fire fund receives money from Jackson Township to equip, maintain and operate the Village volunteer fire department.

EMS Fund The EMS fund receives money from Jackson Township to equip, maintain and operate the Village EMS department.

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

Water Fund The water fund accounts for the loans and grants for the planning, construction of a water distribution system as well as user fees for the operation of the system.

Sewer Fund The sewer fund accounts for loans and grants for the planning, construction of a wastewater collection system as well as user fees for the operation of the system.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for funds of the 4th of July Committee.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Accumulated Leave

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds, other than the 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 resolution, or by State Statute.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Fund by \$17,368 for the year ended December 31, 2020. Budgetary activity for the year ending 2020 follows:

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,172	\$74,135	19,963
Special Revenue	123,397	305,209	181,812
Enterprise	305,803	374,714	68,911
Fiduciary	0	16,685	16,685
Total	\$483,372	\$770,743	\$287,371

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,373	\$81,534	(\$161)
Special Revenue	411,650	374,688	36,962
Enterprise	456,300	325,895	130,405
Fiduciary	0	16,685	(16,685)
Total	\$949,323	\$798,802	\$150,521

Note 4 – Deposits and Investments

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

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$608,239

Deposits

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

Note 5 – Taxes

Property Taxes

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

One Village employee belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Thirty Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding as of December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 4195	\$46,979	4.1%
Ohio Water Development Authority Loan 7065	\$84,102	1.3%
Ohio Water Development Authority Loan 8936	11,136	0.5%
Ohio Public Works Commission Loan CR13R	173,036	0.0%
Total	\$315,253	

The Ohio Water Development Authority (OWDA) loan relates to loan account number 4195 which was given in 2005 in the amount of \$83,408. This loan was for sewer lines and sewer plant construction. The Village will repay this loan in semiannual installments of \$2,400, including interest, over 30 years. Another OWDA loan relates to loan account number 7065 which was given in 2016 in the amount of \$100,618. This loan was for the installation of water meter pits within the Village. The Village will repay this loan in semiannual installments of \$2,031, including interest, over 30 years. The last OWDA loan relates to loan account number 8936 which was given in 2020 for the purchase of upgraded water meter equipment. The Village will repay this loan in semiannual installments of \$1,304 for 5 years. Another loan from the Ohio Public Works Commission relates to loan number CR13R which was given in 2016 in the amount of \$195,889. This loan was for the installation of meter pits and replacing all the water meters in the Village. The Village will repay this loan in semiannual installments of \$3,265; this loan is interest free, over 30 years. The Village has agreed to set utility rates to cover OWDA and OPWC debt service requirements.

Amortization

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Year Ending December 31:	OWDA Loan 4195	OWDA Loan 7065	OWDA Loan 8936	OPWC Loan CR13R
2021	\$4,805	\$4,061	\$2,603	\$9,794
2022	4,808	4,061	2,603	6,530
2023	4,811	4,061	2,603	6,530
2024	4,814	4,061	2,603	6,530
2025	4,817	4,061	2,603	6,530
2026-2030	24,136	20,305		32,648
2031-2035	21,806	20,305		32,648
2036-2040		20,305		32,648
2041-2045		20,305		32,648
2046		2,031		6,530
Total	<u>\$69,997</u>	<u>\$103,556</u>	<u>\$13,015</u>	<u>\$173,036</u>

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 - Fund Balances

The fund balance of special revenue funds is either restricted or committed.

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**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$23,449	\$3,968	\$27,417
Intergovernmental	22,245	60,472	82,717
Charges for Services	500	166,877	167,377
Fines, Licenses and Permits	10,065	0	10,065
Earnings on Investments	4,139	544	4,683
Miscellaneous	11,750	3,784	15,534
<i>Total Cash Receipts</i>	<u>72,148</u>	<u>235,645</u>	<u>307,793</u>
Cash Disbursements			
Current:			
Security of Persons and Property	38,091	108,307	146,398
Basic Utility Services	16,240	0	16,240
Transportation	3,281	24,073	27,354
General Government	16,537	191,948	208,485
Capital Outlay	0	5,400	5,400
<i>Total Cash Disbursements</i>	<u>74,149</u>	<u>329,728</u>	<u>403,877</u>
<i>Net Change in Fund Cash Balances</i>	(2,001)	(94,083)	(96,084)
<i>Fund Cash Balances, January 1</i>	<u>34,494</u>	<u>381,436</u>	<u>415,930</u>
Fund Cash Balances, December 31			
Restricted	0	287,353	287,353
Assigned	29,573	0	29,573
Unassigned (Deficit)	2,920	0	2,920
<i>Fund Cash Balances, December 31</i>	<u><u>\$32,493</u></u>	<u><u>\$287,353</u></u>	<u><u>\$319,846</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$312,451	\$0	\$312,451
Fines, Licenses and Permits	0	195	195
Miscellaneous	10,557	0	10,557
<i>Total Operating Cash Receipts</i>	<u>323,008</u>	<u>195</u>	<u>323,203</u>
Operating Cash Disbursements			
Personal Services	68,621	0	68,621
Contractual Services	147,872	0	147,872
Supplies and Materials	80,977	0	80,977
Other	90,207	0	90,207
<i>Total Operating Cash Disbursements</i>	<u>387,677</u>	<u>0</u>	<u>387,677</u>
<i>Operating Income</i>	<u>(64,669)</u>	<u>195</u>	<u>(64,474)</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments (proprietary funds only)	1,244	0	1,244
Principal Retirement	(11,964)	0	(11,964)
Interest and Other Fiscal Charges	(3,428)	0	(3,428)
Other Financing Uses	0	(98)	(98)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(14,148)</u>	<u>(98)</u>	<u>(14,246)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(78,817)</u>	<u>97</u>	<u>(78,720)</u>
<i>Fund Cash Balances, January 1</i>	<u>394,595</u>	<u>577</u>	<u>395,172</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$315,778</u></u>	<u><u>\$674</u></u>	<u><u>\$316,452</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Junction City (the Village), Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services, Fire services, and EMS services. The Village appropriates general fund money to support a volunteer fire department.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

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

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

Fire Fund The fire fund receives money from Jackson Township to equip, maintain and operate the Village volunteer fire department.

EMS Fund The EMS fund receives money from Jackson Township to equip, maintain and operate the Village EMS department.

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

Water Fund The water fund accounts for the loans and grants for the planning, construction of a water distribution system as well as user fees for the operation of the system.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Sewer Fund The sewer fund accounts for loans and grants for the planning, construction of a wastewater collection system as well as user fees for the operation of the system.

Fiduciary Funds Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for mayor's court activity. The Village ended it's Mayor's Court during 2019.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the 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 resolution, or by State Statute.

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,900	\$72,148	\$15,248
Special Revenue	202,500	235,645	33,145
Enterprise	292,000	324,252	32,252
Fiduciary	0	195	195
Total	\$551,400	\$632,240	\$80,840

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,189	\$74,149	\$16,040
Special Revenue	417,950	329,728	88,222
Enterprise	547,275	403,069	144,206
Fiduciary	0	98	(98)
Total	\$1,055,414	\$807,044	\$248,370

Note 4 – Deposits and Investments

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

Demand deposits	<u>2019</u> <u>\$636,298</u>
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Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

One Village employee belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

Twenty nine Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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 0 percent of employer contributions to funds and benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding as of December 31, 2019, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 4195	\$51,783	4.1%
Ohio Water Development Authority Loan 7065	88,163	1.3%
Ohio Public Works Commission Loan CR13R	173,036	0.0%
Total	\$312,982	

The Ohio Water Development Authority (OWDA) loan relates to loan account number 4195 which was given in 2005 in the amount of \$83,408. This loan was for sewer lines and sewer plant construction. The Village will repay this loan in semiannual installments of \$2,400, including interest, over 30 years. Another OWDA loan relates to loan account number 7065 which was given in 2016 in the amount of \$100,618. This loan was for the installation of water meter pits within the Village. The Village will repay this loan in semiannual installments of \$2,031, including interest, over 30 years. Another loan from the Ohio Public Works Commission relates to loan number CR13R which was given in 2016 in the amount of \$195,889. This loan was for the installation of meter pits and replacing all the water meters in the Village. The Village will repay this loan in semiannual installments of \$3,265; this loan is interest free, over 30 years. The Village has agreed to set utility rates to cover OWDA and OPWC debt service requirements.

Amortization

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

Year Ending	OWDA Loan	OWDA Loan	OPWC Loan
December	OWDA Loan	OWDA Loan	OPWC Loan
31:	4195	7065	CR13R
2020	\$4,803	\$4,061	\$3,265
2021	4,805	4,061	6,530
2022	4,808	4,061	6,530
2023	4,811	4,061	6,530
2024	4,814	4,061	6,530
2025-2029	24,119	20,305	32,648
2030-2034	24,214	20,305	32,648
2035-2039	2,427	20,305	32,648
2040-2044		20,305	32,648
2045-2046		6,092	13,059
Total	\$74,801	\$107,617	\$173,036

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Junction City
Perry County
P.O. Box 105
Junction City, OH 43748-0105

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes of the Village of Junction City, Perry County, Ohio (the Village), and have issued our report thereon dated March 8, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also qualified our opinion for the Special Revenue Funds and Enterprise Funds for the years ended December 31, 2020 and 2019 because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the amounts of \$158,635 and \$166,877 for the years ended December 31, 2020 and 2019, respectively, in the Special Revenue Fund and for amounts recorded as charges for services in the amounts of \$317,865 and \$312,451 in the Enterprise Fund for the years ended December 31, 2020 and 2019, respectively. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 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 of this section and was not designed to identify all internal control deficiencies 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 material weaknesses. We consider findings 2020-001 and 2020-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-002 and 2020-003.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2022

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness

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

For the fiscal year ending December 31, 2020, the following misstatements were noted in the Village's financial statements:

- Intergovernmental receipts in the Special Revenue Funds totaling \$124,595 were incorrectly reported as Charges for Services in the amount of \$37,497 in the Street Fund, \$2,984 in the State Highway Fund, \$420 in the Fire Fund and \$1,755 in the EMS Fund, and additionally incorrectly reported as Miscellaneous Receipts in the amount of \$4,708 in the EMS Fund and \$77,231 in the Cares Act Fund.
- Custodial activity of the 4th of July Fund in the receipt and expenditure amounts of \$16,685 was incorrectly reported as a Special Revenue Fund instead of a Custodial Fund.
- Activity related to the water and wastewater upgrades, in the amount of \$42,531, was posted to the Debt Service Fund instead of the Enterprise Funds.
- Enterprise debt payments were recorded as Capital Outlay rather than recorded to Principal Retirement and Interest charges in the amounts of \$6,848 and \$3,319, respectively. Also, \$12,437 of new loans were incorrectly recorded as Miscellaneous receipts instead of Loans Issued.
- The revenue reported on the financial statements in Enterprise Funds were not consistent with revenue recorded within the receipts journal; therefore, \$21,273 was reclassified from Miscellaneous receipts to Charges for Services.

For the fiscal year ending December 31, 2019, the following misstatements were noted in the Village's financial statements:

- In an error of inputting General Fund financial information into the 2019 financial statement shell, Special Assessments were reported in the amount \$500 rather than Charges for Services. Liquor permit receipts in the amount of \$1,599 were reported as Charges for Services rather than Fines, Licenses and Permits. Additionally, \$4,139 was reported as Fines, Licenses and Permits rather than Earnings on Investments, and Earning on Investments of \$20,216 was reported but should have been recorded as Miscellaneous receipts and Fines, Licenses and Permits receipts. Of the \$20,216, franchise fee receipts totaling \$8,466 were reclassified to Fines, Licenses and Permits.
- Activity related to the water and wastewater upgrades, in the amount of \$10,876, was reported as Debt Service Fund instead of the Enterprise Funds. In addition, \$14,712 of Waste Water Debt Service Enterprise Fund activity was excluded from the Hinkle filed financial statements.
- Debt payments were recorded in total as Principal Retirement rather than reporting interest as Interest charges in the amount of \$3,428.
- Public Safety Grant receipts, totaling \$3,378, were posted to Miscellaneous receipts in the EMS Fund instead of Intergovernmental Revenues.
- Public Safety Grant receipts of \$10,000 were posted to Charges for Services and \$14,955 were posted to Miscellaneous receipts in the Fire Fund instead of Intergovernmental Revenues.
- Charges for Services of \$50,000 for providing Fire and EMS services to Jackson Township was posted to the EMS Fund rather than the Fire Fund in accordance with the Village/Township contract.

VILLAGE OF JUNCTION CITY
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

- Mayor's Court Activity, totaling \$195 in receipts and \$98 in disbursements, was not reported on the Village's financial statements in the Agency Fund for 2019.
- Amounts subsequently appropriated exceeding estimated resources in the amount of \$29,573 were reclassified as Assigned fund balance rather than Unassigned within the General Fund.
- The entire fund balance of the Special Revenue Funds was reclassified as Restricted rather than Unassigned.

Additionally, we noted the Village's footnotes had the following errors:

- Adjustments were necessary for the actual receipts and budgetary expenditures in the budgetary activity notes for 2020 and 2019 due to the adjustments noted above.
- Adjustments were also necessary in the budgetary activity notes because the budgeted receipts did not agree to the amended certificate of estimated resources and the budgeted expenditures did not agree to the appropriation resolution for 2020 and 2019.
- The deposit notes did not include the correct carrying amount of deposits for both years.
- The debt notes did not include the correct ending balances for 2020 and 2019 and did not include the correct amortization schedules.

Adjustments, with which management has agreed, are reflected in the accompanying financial statements and notes of the Village to correct these errors. In addition, another immaterial adjustment of \$212, with which management has agreed, is also reflected in the accompanying financial statements. We also noted other immaterial unadjusted misstatements that were brought to the attention of the Village management.

Failure to properly classify fund balances and receipts on the financial statements could result in the financial statements being misleading.

The Fiscal Officer should refer to the Ohio Village Handbook for proper classification of receipts and fund balances and take additional care in posting transactions to the Village's accounting system and annual financial report to ensure the Village's year-end financial statements reflect the appropriate sources, uses, and classification of the Village's receipts, disbursements, and fund balances.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Fire Fund had expenditures in excess of appropriations of \$17,368 as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

VILLAGE OF JUNCTION CITY
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-002 (Continued)

Noncompliance (Continued)

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2020-003

Noncompliance and Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are accurately presented and complete. The Village should also have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious.

Additionally, **Ohio Rev. Code § 149.351(A)** states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code.

The Village was unable to provide sufficient appropriate audit evidence supporting amounts recorded for Charges for Services for the Village's Utilities Billings collections or EMS Billing collections in 2019 and 2020.

During the audit period, the Village collected revenue for utility billings, however, there did not appear to be adequate source documentation of water consumption to verify the amounts charged for 39 out of 49 transactions selected in 2019 and for 33 of 42 transactions selected in 2020. Only printed usage reports for November and December of 2019 and data within the utility billing system for May and June 2020 were available to verify amounts charged based on consumption, of which there were no issues.

During the audit period, the Village collected revenue for EMS billings, however, there did not appear to be adequate source documentation of billing records in 2019 and 2020 before the Village switched to a new billing service organization in 2020. Additionally during 2019, no detailed EMS run log could be provided for audit.

We also had an instance of missing support in testing Miscellaneous receipts for the General Fund in 2020.

As a result, completeness over these receipts reported could not be reasonably assured. Lack of detailed supporting documentation of the Village receipts could result in not all monies being collected or deposited. The lack of proper internal controls allowed for the alteration/destruction of Village records. Failure to maintain the records could allow for unrecognized financial statement misstatements, theft, fraud, or misappropriation of assets.

The Village should establish procedures to ensure that Village records are maintained for compliance with the Revised Code and as supporting documentation of original transactions.

Officials' Response: We did not receive a response from Officials to the above findings.

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Village of Junction City
 216 West Main Street
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Mayor Shawn Ward

Fiscal Officer: Tara L. Theado

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance with Ohio Rev. Code § 9.38 for not depositing timely.	Not Corrected	Deposits are made in a timely manner according to when we receive checks. This was corrected when the new Fiscal Officer took office in September 2019.
2018-002	Material Weakness regarding errors noted in the financial statements and footnotes.	Not Corrected	Financial statements were done in 2019 to the best of the new Fiscal Officer's ability. The Fiscal Officer had to update the appropriation ledger and cash journal from March 1, 2019-September 25, 2019. Fiscal Officer had no training and used handwritten notes from previous Fiscal Officer as to how to do the financial statements for 2019-2020. This will be corrected due to the Village is now on UAN for 2021 and 2022.
2018-003	Material weakness regarding a lack of monitoring controls by the Village Council; certain reports were not provided for their review.	Corrected	
2018-004	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures plus outstanding commitments exceeding Council approved appropriations.	Not Corrected	This has been corrected by the Fiscal Officer under-estimating revenue and requesting amended certificates from County Auditor. This will be corrected due to the Village is now on UAN for 2021 and 2022.
2018-005	Material Weakness for not providing sufficient appropriate audit evidence supporting a member of Village management approved adjustments to customer utility accounts.	Not Corrected	This has been corrected as of 1/1/2021. President of Board of Public Affairs now signs all adjustments to water/sewer bills.

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Mayor Shawn Ward

Fiscal Officer: Tara L. Theado

2018-006	Finding for Recovery for the salary overpayment of \$722 of the prior Fiscal Officer, Randi Brown.	Corrected	Repaid on 8/17/2020 via Randi Brown's Bond.
2018-007	Finding for Recovery for \$125 against the prior Fiscal Officer, Randi Brown, for a cash receipt not being deposited.	Corrected	Repaid on 8/17/2020 via Randi Brown's Bond.
2018-008	Finding for Recovery against the prior Fiscal Officer, Randi Brown, for \$54 paid to the Treasurer of State of Ohio for interest related to 2017 state tax payments.	Not Corrected	Repaid on 8/17/2020 via Randi Brown's Bond.
2018-009	Finding for Recovery against the prior Fiscal Officer, Randi Brown, for \$4,212 paid in interest and penalties for not timely remitting federal taxes and Medicare payments to the IRS in 2017.	Not Corrected	Repaid on 8/17/2020 via Randi Brown's Bond.
2018-010	Finding for Recovery against the prior Fiscal Officer, Randi Brown, for \$16,959 for the Village paying vendors late fees and penalties.	Not Corrected	Repaid on 8/17/2020 via Randi Brown's Bond.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JUNCTION CITY

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 3/22/2022

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