



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF FREDERICKTOWN  
KNOX COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Fredericktown  
Knox County  
2 East Sandusky Street  
Fredericktown, Ohio 43019

To the Village Council:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Fredericktown, Knox County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

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

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

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 4, 2024

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**Fredericktown Village, Knox County**  
**Combined Statement of receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Taxes	\$ 160,435	\$ 117,776	\$ 278,211
Municipal Income Tax	867,845	-	867,845
Intergovernmental	72,473	201,256	273,729
Charges for Services	37,998	-	37,998
Fines, Licenses and Permits	44,577	-	44,577
Earnings on Investments	54,749	19,699	74,448
Miscellaneous	155,570	-	155,570
<i>Total Cash Receipts</i>	<u>1,393,647</u>	<u>338,731</u>	<u>1,732,378</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons & Property	497,364	115,039	612,403
Public Health Services	1,370	-	1,370
Community Environment	3,745	-	3,745
Basic Utility Services	-	-	-
Transportation	131,405	242,814	374,219
General Government	342,592	2,229	344,821
Capital Outlay	258,633	18,238	276,871
Debt Service:			
Principal Retirement	8,214	-	8,214
Interest and Fiscal Charges	2,585	-	2,585
<i>Total Cash Disbursements</i>	<u>1,245,908</u>	<u>378,320</u>	<u>1,624,228</u>
<i>Net Change in Fund Cash Balances</i>	<u>147,739</u>	<u>(39,589)</u>	<u>108,150</u>
<i>Fund Cash Balances, January 1</i>	<u>989,203</u>	<u>423,253</u>	<u>1,412,456</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,136,942</u>	<u>\$ 383,664</u>	<u>\$ 1,520,606</u>

*See accompanying notes to the financial statements.*

**Fredericktown Village, Knox County**  
**Combined Statement of receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2023**

	<b>Enterprise</b>	<b>Totals (Memorandum Only)</b>
<b>Operating Cash Receipts</b>		
Charges for Services	\$ 1,511,821	\$ 1,511,821
<i>Total Operating Cash Receipts</i>	1,511,821	1,511,821
 <b>Operating Cash Disbursements</b>		
Personal Services	339,376	339,376
Fringe Benefits	130,927	130,927
Contractual Services	182,426	182,426
Supplies and Materials	150,762	150,762
<i>Total Operating Cash Disbursements</i>	803,491	803,491
 <i>Operating Income (Loss)</i>	708,330	708,330
 <b>Non-Operating Receipts (Disbursements)</b>		
Miscellaneous Receipts	22,855	22,855
Capital Outlay	(80,633)	(80,633)
Principal Retirement	(606,031)	(606,031)
Interest and Other Fiscal Charges	(16,082)	(16,082)
<i>Total Non-Operating Receipts (Disbursements)</i>	(679,891)	(679,891)
 <i>Net Change in Fund Cash Balance</i>	28,439	28,439
 <i>Fund Cash Balances, January 1</i>	1,326,104	1,326,104
<i>Fund Cash Balances, December 31</i>	\$ 1,354,543	\$ 1,354,543

*See accompanying notes to the financial statements.*

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Fredericktown (the Village), Knox 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 and police services.

**Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Village participates in three jointly governed organizations, three related organizations and the Ohio Plan Risk Management public entity risk pool. Notes 6, 11 and 12 to the financial statements provides additional information for these entities.

**These organizations are:**

Public Entity Risk Pool:  
Ohio Plan Risk Management Inc.

**Jointly Governed Organizations:**

Fredericktown Community Joint Emergency Ambulance District  
Fredericktown Community Fire District  
Fredericktown Joint Recreation District

**Related Organization:**

Fredericktown Community Development Foundation  
Knox County Regional Planning Commission  
Area Development Foundation, Inc.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

**State Highway Fund** – This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing village streets that are state highways.

**Permissive Motor Vehicle License Tax Fund** – This fund received gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**Parks and Recreation Fund** – This fund received contributions for the construction of a bike path.

**Enforcement and Education Fund** – This fund received funds from the State reimbursing training, etc. that is restricted in spending.

**Police Levy Fund** – This fund receives funds from a 5 year 3 mil levy on property taxes. These funds are used for salaries for Police Officers.

**Coronavirus Relief Fund** – This fund received funds from the State due to the state of emergency declared in March of 2020 due to the COVID-19 pandemic. The funds received were used for payment of public safety employees.

**Coronavirus Local Fiscal Recovery Fund** – This fund receives funds from the U.S. Treasury, from the American Rescue Plan Act, due to the COVID-19 pandemic. The funds received will be used Village infrastructure projects.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***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 provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village had no invested balances as of December 31, 2023.

***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 Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity**

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$877,958	\$1,393,647	\$515,689
Special Revenue	299,285	338,731	39,446
Enterprise	1,409,150	1,534,676	125,526
<b>Total</b>	<b>\$2,586,393</b>	<b>\$3,267,054</b>	<b>\$680,661</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,512,864	\$1,249,476	\$263,388
Special Revenue	508,092	378,322	129,770
Enterprise	1,754,985	1,508,916	246,069
<b>Total</b>	<b>\$3,775,941</b>	<b>\$3,136,714</b>	<b>\$639,227</b>

**Note 4 – Deposits**

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. A summary of the Village’s deposit accounts are as follows:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,434,813
Other time deposits (savings and NOW accounts)	440,336
Total deposits	2,875,149

***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.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. As of January 2015, the Village no longer gives a full credit to residents who pay income tax to another municipality. All residents who pay another municipal tax are given a 50% credit. The Village contracts with Regional Income Tax Agency (RITA) to manage the collection of local income tax.

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

**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

***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.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.



**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 6 – Risk Management (continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$23,113,696
Liabilities	(16,078,587)
Member's Equity	\$7,035,109

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2023.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2023.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**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 2023. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. 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 at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC Loan #CQ10G	\$ 38,546	0.00%
OPWC Loan #CQ10P	34,795	0.00%
OPWC Loan #CQ13M	8,421	0.00%
OPWC Loan #CQ22O	871,561	0.00%
OPWC Loan #CT51J	174,600	0.00%
OWDA Loan #3969	160,100	0.00%
OWDA Loan #4651	2,289,001	0.00%
Bond Note for Water Plant (2016)	476,770	3.25%-4.75%
Bond Anticipation Note (2011)	53,657	3.25%-4.50%
Total	\$ 4,107,451	

Revenue bonds are collateralized by fees assessed to the Village utility customers.

Ohio Water Development Authority (OWDA) loan #3969 was awarded for the planning and construction of the BIO Solid Processing. Paid by Enterprise Funds.

Replacement project. The Village was awarded additional OPWC loan #CQ10G for up to \$400,000 for the construction of the BIO Solid Processing Replacement. Paid by Enterprise Funds.

In fiscal year 2006, the Village was awarded OWDA loan #4651 in the amount of \$8,373,966 and OPWC loan #CT51J in the amount of \$582,000 for Phase 2 of the Village’s wastewater treatment plant upgrade and expansion. Paid by Enterprise Funds.

In fiscal year 2009, the Village was awarded OPWC loan #CQ13M in the amount of \$100,200 for the Levering Drive Intersection Improvements. Paid from General Fund.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 9 – Debt (continued)**

In fiscal year 2011, the village issued \$110,000 in Bond Anticipation Notes that were used to purchase property. The Bond Anticipation Notes have a maturity of December 1, 2031. The interest rate is 3.5% for the first ten years and 4.5% for the last ten years. Paid from General Fund.

In fiscal year 2016 the Village was awarded OPWC loan #CQ220 in the amount of \$1,112,627 for the Villages Elevated Tank Project. This is a 30 year no interest loan. Paid by the Enterprise Funds.

In fiscal year 2016 the Village was awarded OPWC loan #CQ10P in the amount of \$45,381 for the Combined Sewer Separation Project. Paid by General Fund.

In fiscal year 2016, the Village paid off their United States Department of Agriculture (USDA) Revenue Bonds that were issued in 1998, for the water treatment plant expansion. The Village acquired a General Obligation Bond loan from First Knox National Bank for \$630,000 to pay off the USDA loan. The new loan is a 22-year loan with interest. The loan for \$630,000 is paid by the Enterprise Funds.

The Village’s taxing authority and water and sewer utilities collateralized the bonds and loans.

***Amortization***

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

Year Ending December 31:	OWDA Loan 3969	OWDA Loan 4651	OPWC Loan CT51J	OPWC Loan CQ13M	OPWC Loan CQ10G
2024	\$ 80,050	\$ 416,182	\$ 29,100	\$ 1,203	\$ 19,273
2025	80,050	416,182	29,100	1,203	19,273
2026	-	416,182	29,100	1,203	-
2027	-	416,182	29,100	1,203	-
2028	-	416,182	29,100	1,203	-
2029-2033	-	208,091	29,100	2,406	-
2034-2038	-	-	-	-	-
2039-2043	-	-	-	-	-
2044-2049	-	-	-	-	-
Total	<u>\$ 160,100</u>	<u>\$ 2,289,001</u>	<u>\$ 174,600</u>	<u>\$ 8,421</u>	<u>\$ 38,546</u>

**Village of Fredericktown, Ohio**  
*Knox County*  
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*For the Year Ended December 31, 2023*

**Note 9 – Debt (continued)**

Year Ending December 31:	First Knox General Obligation Bond	2011 Bond Anticipation Notes	OPWC Loan #CQ22O	OPWC Loan #CQ10P
2024	\$ 40,418	\$ 8,136	\$ 37,088	\$ 1,513
2025	40,418	8,136	37,088	1,513
2026	40,418	8,136	37,088	1,513
2027	40,418	8,136	37,088	1,513
2028	40,418	8,136	37,088	1,513
2029-2033	207,851	24,409	185,438	7,564
2034-2038	213,985	-	185,438	7,564
2039-2043	-	-	185,438	7,564
2044-2049	-	-	129,807	4,538
Total	<u>\$ 623,926</u>	<u>\$ 65,089</u>	<u>\$ 871,561</u>	<u>\$ 34,795</u>

**Note 10 – Construction and Contractual Commitments**

Village of Fredericktown Streetscape Project: The Village of Fredericktown Streetscape Project was made possible through an Ohio Department of Transportation Grant. The project will improve the downtown business district. This project will extend along Main Street, spanning between Mill Street and Sandusky Street. The purpose of this streetscape project is to provide a revitalization of the downtown area with a focus on ADA compliance, public safety, and aesthetics. Construction is scheduled to begin in March 2024.

**Note 11 – Jointly Governed Organizations**

Fredericktown Community Joint Emergency Ambulance District

The Village of Fredericktown appoints one of the six board members. The Ambulance District board oversees the activity and there is no financial interdependency between the Village and the Ambulance District.

Fredericktown Community Fire District

The Village of Fredericktown appoints one of the six board members. The Fire District board oversees the activity and there is no financial interdependency between the Village and the Fire District.

Fredericktown Joint Recreation District

The Village of Fredericktown appoints two of the seven board members. The Recreation District oversees the park activity. There is no financial interdependency between the Village and the Recreation District.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 12 – Related Organizations**

Fredericktown Community Development Foundation (the Foundation)

The Foundation has a separate 20-25-member board which consists of township and business leaders in the community. The foundation acts as a chamber of commerce where the Foundation tries to bring new business into the community. The Board is not appointed by Council, however the Mayor appoints one member from the community to be a member of the board and the Village pays a membership fee of \$100.00 per year. The Foundation is a separate entity from the Village with no financial interdependency. The Village has no ability to significantly influence the Foundation’s operations and has no responsibility over the fiscal matters of the Foundation.

Knox County Regional Planning Commission

The Council appoints two members of the Commission. There is no financial interdependency between the Village and the commission. Dues are 25 cents per capita.

Area Development Foundation, Inc.

Area Development Foundation guides commercial and industrial development in Knox County. In 2022 the Village paid \$3,500 in Membership dues.

**Note 13 – 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 will 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.

During 2021, the Village received ARP Act funding. The first half of the total distribution of \$264,496 was received in July (\$132,248). These funds will be used for water and sewer infrastructure projects.

During 2022, the Village received the second half of ARP Act funding. The remaining amount of the revised total distribution of \$265,552 was received in July (\$133,304). These funds were used for water and sewer infrastructure projects. The Village also received \$832,039 in ARP funds from Knox County to use on said projects.

**Note 14 – Fund Balances**

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

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$ 3,570</u>

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 14 – Fund Balances (continued)**

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

**Fredericktown Village, Knox County**  
**Combined Statement of receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Taxes	\$ 161,044	\$ 118,130	\$ -	\$ 279,174
Municipal Income Tax	763,737	-	-	763,737
Intergovernmental	58,813	1,206,620	163,644	1,429,077
Charges for Services	37,133	-	-	37,133
Fines, Licenses and Permits	40,182	-	-	40,182
Earnings on Investments	17,109	5,394	-	22,503
Miscellaneous	142,902	-	-	142,902
<i>Total Cash Receipts</i>	<u>1,220,920</u>	<u>1,330,144</u>	<u>163,644</u>	<u>2,714,708</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons & Property	485,152	117,185	-	602,337
Public Health Services	1,365	-	-	1,365
Community Environment	3,810	-	-	3,810
Basic Utility Services	-	128,800	-	128,800
Transportation	133,904	209,908	-	343,812
General Government	591,440	608	-	592,048
Capital Outlay	5,000	950,553	163,644	1,119,197
Debt Service:				
Principal Retirement	7,955	54,548	-	62,503
Interest and Fiscal Charges	2,844	-	-	2,844
<i>Total Cash Disbursements</i>	<u>1,231,470</u>	<u>1,461,602</u>	<u>163,644</u>	<u>2,856,716</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,550)</u>	<u>(131,458)</u>	<u>-</u>	<u>(142,008)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes	-	54,548	-	54,548
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>54,548</u>	<u>-</u>	<u>54,548</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,550)</u>	<u>(76,910)</u>	<u>-</u>	<u>(87,460)</u>
<i>Fund Cash Balances, January 1</i>	<u>999,753</u>	<u>500,163</u>	<u>-</u>	<u>1,499,916</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 989,203</u>	<u>\$ 423,253</u>	<u>\$ -</u>	<u>\$ 1,412,456</u>

*See accompanying notes to the financial statements.*

**Fredericktown Village, Knox County**  
**Combined Statement of receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2022**

	<b>Enterprise</b>	<b>Totals (Memorandum Only)</b>
<b>Operating Cash Receipts</b>		
Charges for Services	\$ 1,483,902	\$ 1,483,902
<i>Total Operating Cash Receipts</i>	1,483,902	1,483,902
<b>Operating Cash Disbursements</b>		
Personal Services	322,081	322,081
Fringe Benefits	116,562	116,562
Contractual Services	156,790	156,790
Supplies and Materials	135,745	135,745
<i>Total Operating Cash Disbursements</i>	731,178	731,178
<i>Operating Income (Loss)</i>	752,724	752,724
<b>Non-Operating Receipts (Disbursements)</b>		
Miscellaneous Receipts	16,248	16,248
Capital Outlay	(69,000)	(69,000)
Principal Retirement	(607,303)	(607,303)
Interest and Other Fiscal Charges	(16,861)	(16,861)
<i>Total Non-Operating Receipts (Disbursements)</i>	(676,916)	(676,916)
<i>Net Change in Fund Cash Balance</i>	75,808	75,808
<i>Fund Cash Balances, January 1</i>	1,250,296	1,250,296
<i>Fund Cash Balances, December 31</i>	\$ 1,326,104	\$ 1,326,104

*See accompanying notes to the financial statements.*



**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Fredericktown (the Village), Knox 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 and police services.

**Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Village participates in three jointly governed organizations, three related organizations and the Ohio Plan Risk Management public entity risk pool. Notes 6, 10 and 11 to the financial statements provides additional information for these entities.

**These organizations are:**

Public Entity Risk Pool:  
Ohio Plan Risk Management Inc.

**Jointly Governed Organizations:**

Fredericktown Community Joint Emergency Ambulance District  
Fredericktown Community Fire District  
Fredericktown Joint Recreation District

**Related Organization:**

Fredericktown Community Development Foundation  
Knox County Regional Planning Commission  
Area Development Foundation, Inc.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

**State Highway Fund** – This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing village streets that are state highways.

**Permissive Motor Vehicle License Tax Fund** – This fund received gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**Parks and Recreation Fund** – This fund received contributions for the construction of a bike path.

**Enforcement and Education Fund** – This fund received funds from the State reimbursing training, etc. that is restricted in spending.

**Police Levy Fund** – This fund receives funds from a 5 year 3 mil levy on property taxes. These funds are used for salaries for Police Officers.

**Coronavirus Relief Fund** – This fund received funds from the State due to the state of emergency declared in March of 2020 due to the COVID-19 pandemic. The funds received were used for payment of public safety employees.

**Coronavirus Local Fiscal Recovery Fund** – This fund receives funds from the U.S. Treasury, from the American Rescue Plan Act, due to the COVID-19 pandemic. The funds received will be used Village infrastructure projects.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***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 provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2022 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.

The Village had no invested balances as of December 31, 2022.

***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 Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$947,784	\$1,220,920	\$273,136
Special Revenue	1,319,691	1,384,692	65,001
Capital Projects	163,644	163,644	0
Enterprise	1,365,500	1,500,150	134,650
<b>Total</b>	<b>\$3,796,619</b>	<b>\$4,269,406</b>	<b>\$472,787</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,568,725	\$1,237,133	\$331,592
Special Revenue	1,653,020	1,479,839	173,181
Capital Projects	163,644	163,644	0
Enterprise	1,731,335	1,425,693	305,642
<b>Total</b>	<b>\$5,116,724</b>	<b>\$4,306,309</b>	<b>\$810,415</b>

**Note 4 – Deposits**

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. A summary of the Village’s deposit accounts are as follows:

<b><i>Cash Management Pool:</i></b>	2022
Demand deposits	\$2,310,854
Other time deposits (savings and NOW accounts)	427,706
Total deposits	2,738,560

***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.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
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**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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. As of January 2015, the Village no longer gives a full credit to residents who pay income tax to another municipality. All residents who pay another municipal tax are given a 50% credit. The Village contracts with Regional Income Tax Agency (RITA) to manage the collection of local income tax.

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

**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

***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.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
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**Note 6 – Risk Management (continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$21,662,291
Liabilities	(18,158,351)
Member's Equity	\$3,503,940

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2022.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2022.

**Village of Fredericktown, Ohio**  
*Knox County*  
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*For the Year Ended December 31, 2022*

**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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. 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 at December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC Loan #CQ10G	\$ 57,819	0.00%
OPWC Loan #CQ10P	36,308	0.00%
OPWC Loan #CQ13M	9,624	0.00%
OPWC Loan #CQ22O	908,648	0.00%
OPWC Loan #CT51J	203,700	0.00%
OWDA Loan #3969	240,150	0.00%
OWDA Loan #4651	2,705,184	0.00%
Bond Note for Water Plant (2016)	501,100	3.25%-4.75%
Bond Anticipation Note (2011)	59,132	3.25%-4.50%
Total	\$ 4,721,665	

Revenue bonds are collateralized by fees assessed to the Village utility customers.

Ohio Water Development Authority (OWDA) loan #3969 and Ohio Public works commission (OPWC) loan #CT63E were awarded for the planning and construction of the BIO Solid Processing. Paid by Enterprise funds, and OPWC loan #CT63E was paid off during the year.

Replacement project. The Village was awarded additional OPWC loan #CQ10G for up to \$400,000 for the construction of the BIO Solid Processing Replacement. Paid by Enterprise Funds.

In fiscal year 2006, the Village was awarded OWDA loan #4651 in the amount of \$8,373,966 and OPWC loan #CT51J in the amount of \$582,000 for Phase 2 of the Village’s wastewater treatment plant upgrade and expansion. Paid by Enterprise Funds.

In fiscal year 2009, the Village was awarded OPWC loan #CQ13M in the amount of \$100,200 for the Levering Drive Intersection Improvements. Paid from General Fund.



**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 – Debt (continued)**

In fiscal year 2011, the village issued \$110,000 in Bond Anticipation Notes that were used to purchase property. The Bond Anticipation Notes have a maturity of December 1, 2031. The interest rate is 3.5% for the first ten years and 4.5% for the last ten years. Paid from General Fund.

In fiscal year 2016 the Village was awarded OPWC loan #CQ220 in the amount of \$1,112,627 for the Villages Elevated Tank Project. This is a 30 year no interest loan. Paid by the Enterprise Funds.

In fiscal year 2016 the Village was awarded OPWC loan #CQ10P in the amount of \$45,381 for the Combined Sewer Separation Project. Paid by General Fund.

In fiscal year 2016, the Village paid off their United States Department of Agriculture (USDA) Revenue Bonds that were issued in 1998, for the water treatment plant expansion. The Village acquired a General Obligation Bond loan from First Knox National Bank for \$630,000 to pay off the USDA loan. The new loan is a 22-year loan with interest. The loan for \$630,000 is paid by the Enterprise Funds.

In fiscal year 2022 the village was awarded OPWC loan #CQ16Y in the amount of \$54,548 for the 2021 Paving Project. Paid by Special Revenue funds and was paid off during the year.

The Village’s taxing authority and water and sewer utilities collateralized the bonds and loans.

***Amortization***

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

Year Ending December 31:	OWDA Loan 3969	OWDA Loan 4651	OPWC Loan CT51J	OPWC Loan CQ13M	OPWC Loan CQ10G
2023	\$ 80,050	\$ 416,182	\$ 29,100	\$ 1,203	\$ 19,273
2024	80,050	416,182	29,100	1,203	19,273
2025	80,050	416,182	29,100	1,203	19,273
2026	-	416,182	29,100	1,203	-
2027	-	416,182	29,100	1,203	-
2028-2032	-	624,274	58,200	3,609	-
2033-2037	-	-	-	-	-
2038-2042	-	-	-	-	-
2043-2048	-	-	-	-	-
Total	<u>\$ 240,150</u>	<u>\$ 2,705,184</u>	<u>\$ 203,700</u>	<u>\$ 9,624</u>	<u>\$ 57,819</u>

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 – Debt (continued)**

Year Ending December 31:	First Knox General Obligation Bond	2011 Bond Anticipation Notes	OPWC Loan #CQ22O	OPWC Loan #CQ10P
2023	\$ 40,418	\$ 8,136	\$ 37,088	\$ 1,513
2024	40,418	8,136	37,088	1,513
2025	40,418	8,136	37,088	1,513
2026	40,418	8,136	37,088	1,513
2027	40,418	8,136	37,088	1,513
2028-2032	192,604	32,545	185,438	7,564
2033-2037	216,986	-	185,438	7,564
2038-2042	42,797	-	185,438	7,564
2043-2048	-	-	166,894	6,051
Total	<u>\$ 654,477</u>	<u>\$ 73,225</u>	<u>\$ 908,648</u>	<u>\$ 36,308</u>

**Note 10 – Jointly Governed Organizations**

Fredericktown Community Joint Emergency Ambulance District

The Village of Fredericktown appoints one of the six board members. The Ambulance District board oversees the activity and there is no financial interdependency between the Village and the Ambulance District.

Fredericktown Community Fire District

The Village of Fredericktown appoints one of the six board members. The Fire District board oversees the activity and there is no financial interdependency between the Village and the Fire District.

Fredericktown Joint Recreation District

The Village of Fredericktown appoints two of the seven board members. The Recreation District oversees the park activity. There is no financial interdependency between the Village and the Recreation District.

**Note 11 – Related Organizations**

Fredericktown Community Development Foundation (the Foundation)

The Foundation has a separate 20-25-member board which consists of township and business leaders in the community. The foundation acts as a chamber of commerce where the Foundation tries to bring new business into the community. The Board is not appointed by Council, however the Mayor appoints one member from the community to be a member of the board and the Village pays a membership fee of \$100.00 per year. The Foundation is a separate entity from the Village with no financial interdependency. The Village has no ability to significantly influence the Foundation’s operations and has no responsibility over the fiscal matters of the Foundation.

Knox County Regional Planning Commission

The Council appoints two members of the Commission. There is no financial interdependency between the Village and the commission. Dues are 25 cents per capita.

**Village of Fredericktown, Ohio**  
*Knox County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Related Organizations (continued)**

Area Development Foundation, Inc.

Area Development Foundation guides commercial and industrial development in Knox County. In 2022 the Village paid \$3,500 in Membership dues.

**Note 12 – 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 will 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.

During 2021, the Village received ARP Act funding. The first half of the total distribution of \$264,496 was received in July (\$132,248). These funds will be used for water and sewer infrastructure projects.

During 2022, the Village received the second half of ARP Act funding. The remaining amount of the revised total distribution of \$265,552 was received in July (\$133,304). These funds were used for water and sewer infrastructure projects. The Village also received \$832,039 in ARP funds from Knox County to use on said projects.

**Note 13 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	5,664	18,238	23,902

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

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Village of Fredericktown  
Knox County  
2 East Sandusky Street  
Fredericktown, Ohio 43019

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Fredericktown, Knox County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of Fredericktown, Knox County, Ohio (the Village) and have issued our report thereon dated December 4, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

**Village's Response to Finding**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 4, 2024

VILLAGE OF FREDERICKTOWN  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Revenue Posting – Noncompliance/Significant Deficiency**

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

During 2022, the Village received \$44,759 in contributions from Knox County for a road resurfacing project which took place in 2021. The Village utilized the Street Construction, Maintenance, and Repair Fund for tracking expenses for the road resurfacing project. The contribution received by the Village was mis-posted to the General Fund as Miscellaneous Revenue. The contribution should have been posted to the Street Construction, Maintenance, and Repair Fund as Intergovernmental Revenue.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

The Village agreed to adjust the financial statement presentation to correctly reflect the revenue in the proper fund. Furthermore, appropriate adjustments were made to the Village's accounting system.

The Village should implement additional procedures to provide assurance over the accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

**Officials' Response:** See Corrective Action Plan

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**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
December 31, 2023 and 2022**

<b>Finding Number:</b>	2023-001
<b>Planned Corrective Action:</b>	Reduce 1000-General Fund by \$44,759, and increase 2011-Street Reconstruction, Maintenance and Repair Fund by \$44,759.
<b>Anticipated Completion Date:</b>	12/04/2024
<b>Responsible Contact Person:</b>	Suzan Graves

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF FREDERICKTOWN**

**KNOX COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/26/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)