

**VILLAGE OF SHAWNEE
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Village Council
Village of Shawnee
PO Box 15
Shawnee, Ohio 43782

We have reviewed the *Independent Auditor's Report* of the Village of Shawnee, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 26, 2022

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**VILLAGE OF SHAWNEE
PERRY COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Village of Shawnee, Perry County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revise Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Shawnee, Perry County as of December 31, 2021, or changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining. On a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion was 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 July 25, 2022, on our consideration of Village of Shawnee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 25, 2022

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 43,085	\$ 55,679	\$ 12,118	\$ -	\$ 110,882
Intergovernmental	24,676	150,194	1,257	-	176,127
Charges for Services	-	15,244	-	-	15,244
Fines, Licenses, and Permits	-	49	-	-	49
Earnings on Investments	2,269	-	-	-	2,269
Miscellaneous	581	1,759	-	-	2,340
Total Cash Receipts	70,611	222,925	13,375	-	306,911
Cash Disbursements					
Current:					
Security of Persons and Property	28,466	44,123	-	-	72,589
Public Health Services	-	15,357	-	-	15,357
Transportation	-	32,088	-	-	32,088
General Government	22,766	6,493	271	-	29,530
Capital Outlay	-	80,659	-	-	80,659
Debt Service					
Principal	1,238	970	-	-	2,208
Interest	121	130	-	-	251
Total Cash Disbursements	52,591	179,820	271	-	232,682
Total Receipts Over/(Under) Disbursements	18,020	43,105	13,104	-	74,229
Other Financing Receipts/(Disbursements)					
Other Financing Sources	-	270	-	-	270
Other Financing Uses	-	(10,928)	-	-	(10,928)
Total Other Financing Receipts/(Disbursements)	-	(10,658)	-	-	(10,658)
Net Change in Fund Cash Balances	18,020	32,447	13,104	-	63,571
Fund Cash Balances, January 1, 2021, restated	82,960	180,859	122,753	1,065	387,637
Fund Cash Balances, December 31, 2021	\$ 100,980	\$ 213,306	\$ 135,857	\$ 1,065	\$ 451,208

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 231,818
Total Operating Cash Receipts	231,818
Operating Cash Disbursements:	
Personal Services	54,373
Fringe Benefits	5,355
Contractual Services	63,826
Supplies and Materials	9,123
Other	3,027
Total Operating Cash Disbursements	135,704
Operating Income/(Loss)	96,114
Non-Operating Cash Receipts (Disbursements):	
Debt Service-Principal	(33,323)
Debt Service-Interest	(42,095)
Miscellaneous Receipts	750
Total Non-Operating Cash Disbursements	(74,668)
Net Change in Fund Cash Balance	21,446
Fund Cash Balances, January 1, 2021	201,478
Fund Cash Balances, December 31, 2021	\$ 222,924

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. REPORTING ENTITY

Description of the Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Other Capital Project Fund – This fund accounts for money from grants and donations which are restricted for fire department equipment.

Permanent Funds

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

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

Enterprise Funds

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

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

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

Basis of Accounting

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 113,400	\$ 70,611	\$ (42,789)
Special Revenue	173,000	223,195	50,195
Capital Projects	15,000	13,375	(1,625)
Enterprise	355,200	232,568	(122,632)
Total	<u>\$ 656,600</u>	<u>\$ 539,749</u>	<u>\$ (116,851)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,802	\$ 53,197	\$ 47,605
Special Revenue	246,716	191,716	55,000
Capital Projects	18,000	271	17,729
Enterprise	284,875	211,945	72,930
Total	<u>\$ 650,393</u>	<u>\$ 457,129</u>	<u>\$ 193,264</u>

Contrary to ORC 5705.41(D), the Village made disbursements prior to certification
 Contrary to ORC 5705.39, the Fire Levy Fund had appropriations exceeding estimated resources.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. DEPOSITS AND INVESTMENTS

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

	2021
<i>Cash Management Pool</i>	
Demand deposits	\$ 639,132
Certificate of Deposit	35,000
Total Carrying Amount of Deposits and Investments held in Pool	\$ 674,132

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

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

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2021 retention levels are \$100,000 for property and casualty coverages, respectively.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. RISK MANAGEMENT (Continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2021.

Assets	\$ 824,661
Liabilities	<u>(554,038)</u>
Accumulated Surplus	\$ <u>270,623</u>

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. DEBT

Debt outstanding at December 31, 2021 was as follows:

	2021 Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 11,201	0.00
Ohio Water Development Authority Loan #4355	19,656	1.00
Ohio Water Development Authority Loan #5271	47,646	0.00
Ohio Water Development Authority Loan #5847	40,113	1.50
Ohio Water Development Authority Loan #6470	36,998	2.00
Ohio Water Development Authority Loan #7672	19,313	1.03
Peoples National Bank	4,500	3.95
United States Department of Agriculture Loan	893,000	4.38
Total	\$ 1,072,427	

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

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

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

Year Ending December 31	OPWC CT48Q	Peoples Bank	OWDA #4355	OWDA #5271
2022	\$ 498	\$ 2,459	\$ 4,478	\$ 2,508
2023	498	2,459	4,478	2,508
2024	498	-	4,478	2,508
2025	498	-	4,478	2,508
2026	498	-	2,239	2,508
2027-2031	2,490	-	-	12,540
2032-2036	2,490	-	-	12,540
2037-2041	2,490	-	-	10,026
2042-2046	1,241	-	-	-
	\$ 11,201	\$ 4,918	\$ 20,151	\$ 47,646

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. DEBT (Continued)

Year Ending December 31	OWDA #5847	OWDA #6470	OWDA #7672	USDA
2022	\$ 2,329	\$ 2,050	\$ 1,276	\$ 62,069
2023	2,329	2,050	1,276	62,063
2024	2,329	2,050	1,276	62,013
2025	2,329	2,050	1,276	61,919
2026	2,329	2,050	1,276	62,781
2027-2031	11,645	10,250	6,380	312,525
2032-2036	11,645	10,250	6,380	312,857
2037-2041	11,645	10,250	1,914	311,220
2042-2046	-	5,125	-	187,269
	<u>\$ 46,580</u>	<u>\$ 46,125</u>	<u>\$ 21,054</u>	<u>\$ 1,434,716</u>

10. FUND BALANCES

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

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Encumb.	606	968	-	-	1,574
Total	<u>\$ 606</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

11. COVID-19

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund has been restated for the year beginning January 1, 2021 as voided checks were cleared from old bank reconciliations:

	<u>General Fund</u>
Fund Balance at December 31, 2020	\$ 82,139
Adjustments	821
Fund Balance at January 1, 2021	<u>\$ 82,960</u>

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements 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 related notes of Village of Shawnee, Perry County, Ohio.

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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Shawnee, Perry County as of December 31, 2020 and the respective changes in financial position or cash flows thereof for the year ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements 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 related notes of Village of Shawnee, Perry County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2020 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 25, 2022, on our consideration of Village of Shawnee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 25, 2022

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 35,931	\$ 46,485	\$ 10,137	\$ -	\$ 92,553
Intergovernmental	28,260	112,046	1,279	-	141,585
Charges for Services	-	23,880	-	-	23,880
Fines, Licenses, and Permits	-	375	-	-	375
Earnings on Investments	1,090	-	-	-	1,090
Miscellaneous	9,207	419	-	-	9,626
Total Cash Receipts	74,488	183,205	11,416	-	269,109
Cash Disbursements					
Current:					
Security of Persons and Property	27,004	30,944	-	-	57,948
Public Health Services	-	19,887	-	-	19,887
Community Environment	-	500	-	-	500
Transportation	425	41,323	-	-	41,748
General Government	25,626	55,269	86	-	80,981
Capital Outlay	6,265	48,230	4,017	-	58,512
Debt Service					
Principal	1,267	857	-	-	2,124
Interest	192	143	-	-	335
Total Cash Disbursements	60,779	197,153	4,103	-	262,035
Total Receipts Over/(Under) Disbursements	13,709	(13,948)	7,313	-	7,074
Other Financing Receipts/(Disbursements)					
Other Financing Sources	27,618	11,905	-	-	39,523
Other Financing Uses	(3,330)	-	-	-	(3,330)
Total Other Financing Receipts/(Disbursements)	24,288	11,905	-	-	36,193
Net Change in Fund Cash Balances	37,997	(2,043)	7,313	-	43,267
Fund Cash Balances, January 1, 2020, restated	44,142	182,902	115,440	1,065	343,549
Fund Cash Balances, December 31, 2020	\$ 82,139	\$ 180,859	\$ 122,753	\$ 1,065	\$ 386,816

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 218,698
Total Operating Cash Receipts	218,698
Operating Cash Disbursements:	
Personal Services	52,339
Fringe Benefits	5,276
Contractual Services	79,993
Supplies and Materials	12,858
Other	7,291
Total Operating Cash Disbursements	157,757
Operating Income/(Loss)	60,941
Non-Operating Cash Receipts (Disbursements):	
Debt Service-Principal	(32,217)
Debt Service-Interest	(36,053)
Total Non-Operating Cash Disbursements	(68,270)
Net Change in Fund Cash Balance	(7,329)
Fund Cash Balances, January 1, 2020	208,807
Fund Cash Balances, December 31, 2020	\$ 201,478

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND
CHANGES IN FUND BALANCE (REGULATORY CASH)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Fiduciary</u>
	<u>Custodial</u>
Deductions:	
Other Distributions	\$ 2,625
Net Change in Fund Cash Balance	(2,625)
Fund Cash Balances, January 1, 2020	<u>2,625</u>
Fund Cash Balances, December 31, 2020	<u><u>\$ -</u></u>

See notes to financial statements.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Other Capital Project Fund – This fund accounts for money from grants and donations which are restricted for fire department equipment.

Permanent Funds

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

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

Enterprise Funds

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

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

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

Fiduciary Funds

These funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Custodial 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 custodial fund accounts for monies of a defunct mayor's court. No funds are left at the year ended December 31, 2020.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,750	\$ 102,106	\$ (5,644)
Special Revenue	221,137	195,110	(26,027)
Capital Projects	15,000	11,416	(3,584)
Enterprise	319,025	218,698	(100,327)
Total	\$ 662,912	\$ 527,330	\$ (135,582)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,764	\$ 64,131	\$ 34,633
Special Revenue	249,516	197,153	52,363
Capital Projects	68,000	4,103	63,897
Enterprise	303,702	226,027	77,675
Total	\$ 719,982	\$ 491,414	\$ 228,568

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

4. DEPOSITS AND INVESTMENTS

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

	2020
<i>Cash Management Pool</i>	
Demand deposits	\$ 555,356
Certificate of Deposit	32,938
Total Carrying Amount of Deposits and Investments held in Pool	\$ 588,294

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020 retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020.

Assets	\$ 940,409
Liabilities	<u>(359,749)</u>
Accumulated Surplus	\$ 580,660

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2020.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

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

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

8. POSTEMPLOYMENT BENEFITS

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

9. DEBT

Debt outstanding at December 31, 2020 was as follows:

	2020 Principal	%
Ohio Public Works Commission Loan CT48Q	\$ 11,699	0.00
Ohio Water Development Authority Loan #4355	23,905	1.00
Ohio Water Development Authority Loan #5271	50,154	0.00
Ohio Water Development Authority Loan #5847	41,821	1.50
Ohio Water Development Authority Loan #6470	38,289	2.00
Ohio Water Development Authority Loan #7672	20,382	1.03
Peoples National Bank	6,708	3.95
United States Department of Agriculture Loan	915,000	4.38
Total	\$ 1,107,958	

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. DEBT (Continued)

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

Year Ending December 31	OPWC CT48Q	Peoples Bank	OWDA #4355	OWDA #5271
2021	\$ 498	\$ 2,459	\$ 4,478	\$ 2,508
2022	498	2,459	4,478	2,508
2023	498	2,459	4,478	2,508
2024	498	-	4,478	2,508
2025	498	-	4,478	2,508
2026-2030	2,490	-	2,239	12,540
2031-2035	2,490	-	-	12,540
2036-2040	2,490	-	-	12,534
2041-2045	1,739	-	-	-
	<u>\$ 11,699</u>	<u>\$ 7,377</u>	<u>\$ 24,629</u>	<u>\$ 50,154</u>

Year Ending December 31	OWDA #5847	OWDA #6470	OWDA #7672	USDA
2021	\$ 2,329	\$ 2,050	\$ 1,276	\$ 62,031
2022	2,329	2,050	1,276	62,069
2023	2,329	2,050	1,276	62,063
2024	2,329	2,050	1,276	62,013
2025	2,329	2,050	1,276	61,919
2026-2030	11,645	10,250	6,380	313,175
2031-2035	11,645	10,250	6,380	312,038
2036-2040	11,645	10,250	3,190	311,326
2041-2045	2,329	7,175	-	250,113
	<u>\$ 48,909</u>	<u>\$ 48,175</u>	<u>\$ 22,330</u>	<u>\$ 1,496,747</u>

10. FUND BALANCES

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

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Encumb.	22	-	-	-	22
Total	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. FUND BALANCES (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

11. COVID-19

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

During 2020, the Village received \$73,637 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

12. RESTATEMENT OF FUND BALANCE

Fund balance in the Enterprise Fund has been restated for the year beginning January 1, 2020 as voided checks were cleared from old bank reconciliations:

	General Fund
Fund Balance at December 31, 2019	\$ 43,321
Adjustments	821
Fund Balance at January 1, 2020	<u>\$ 44,142</u>

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements 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 years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Shawnee, Perry County (the Village) and have issued our report thereon dated July 25, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001, 2021-003 and 2021-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Shawnee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-002, 2021-005 and 2021-006.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 25, 2022

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness – Posting of Budget

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

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

Fund	Year	Est. Certificate	UAN System	Variance
Fire Levy	2021	\$ 60,500	\$ 137,126	\$ (76,626)
Fire Levy	2020	35,500	60,500	(25,000)
Water Operating	2020	121,500	145,250	(23,750)

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

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

FINDING NUMBER 2021-002

Noncompliance

Ohio Revised Code Section 5705.39 states that appropriations shall not exceed estimated resources per fund.

Fund	Year	Estimated Resources	Appropriations	Variance
Fire Levy	2021	\$ 85,815	\$ 134,216	\$ (48,401)

We recommend Council review appropriations versus estimated resources throughout the year.

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

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DECEMBER 31, 2021 AND 2020**

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FINDING NUMBER 2021-003

Material Weakness – Financial Reporting

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

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

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

For 2021:

- An adjustment of \$1,162, \$109, \$417, \$545, \$238, \$177 and \$271 in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund, respectively to increase Property and Other Local Taxes and a corresponding increase in expenses to “Gross-Up” real estate tax monies received.
- Reclassifications in the amount of \$5,406, \$503, \$2,137, \$1,509, \$880, \$880 and \$1,257, respectively to increase Intergovernmental Revenue and decrease Property and Other Local Taxes due to Rollbacks being incorrectly posted in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund.
- Reclassification of \$1,238 to increase Principal Retirement and \$121 to increase Interest and Other Fiscal Charges and a decrease of \$1,359 to General Government to show debt paid in the General Fund.
- Reclassification of \$80,659 to increase Capital Outlay and to decrease Other Financing Sources in the Fire Levy Fund for equipment purchased.
- Reclassification of \$110,251 to increase Intergovernmental Revenue and decrease Other Financing Sources for American Rescue Plan Fund.

**VILLAGE OF SHAWNEE
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**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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FINDING NUMBER 2021-003 (Continued)

For 2020:

- An adjustment of \$557, \$52, \$204, \$271, \$110, \$86 and \$86 in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund, respectively to increase Property and Other Local Taxes and a corresponding increase in expenses to “Gross-Up” real estate tax monies received.
- Reclassifications in the amount of \$5,500, \$512, \$2,174, \$1,535, \$895, \$895 and \$1,279, respectively to increase Intergovernmental Revenue and decrease Property and Other Local Taxes due to Rollbacks being incorrectly posted in the General Fund, Street Fund, Cemetery Fund, Police Fund, Fire Levy Fund, EMS Levy Fund and the Capital Projects Fund.
- Reclassification of \$6,265 to increase Capital Outlay and decrease General Government in the General Fund for equipment purchased.
- Reclassification of \$1,267 to increase Principal Retirement and \$192 to increase Interest and Other Fiscal Charges and a decrease of \$1,359 to General Government to show debt paid in the General Fund.
- Reclassification of \$73,637 to increase Intergovernmental Revenue and decrease Other Financing Sources for the Coronavirus Relief Fund.
- Reclassification of \$48,796 to increase General Government and decrease Other Financing Uses in the Coronavirus Relief Fund.
- Reclassification of \$24,841 to increase Capital Outlay and decrease Other Financing Sources in the Coronavirus Relief Fund for equipment purchased.
- Reclassification of \$23,389 to increase Capital Outlay and decrease Other Financing Sources in the Fire Levy Fund for equipment purchased.

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

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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FINDING NUMBER 2021-004

Material Weakness

We noted that the Village was charging \$24.75 as a base rate for 0 to 2,000 gallons and sewer at \$36.25 as a base rate for 0 to 2,000 gallons instead of the Council approved rates of \$25.50 and \$35.50, respectively for 2021.

We noted that the Village was charging \$24.75 as a base rate for 0 to 2,000 gallons and sewer at \$36.25 as a base rate for 0 to 2,000 gallons instead of the Council approved rates of \$25.00 and \$35.50, respectively for 2020.

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

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

FINDING NUMBER 2021-005

Noncompliance

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

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

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.

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FINDING NUMBER 2021-005 (Continued)

- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 38% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

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

FINDING NUMBER 2021-006

Noncompliance

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

At December 31, 2021 and 2020, the Enterprise Improvement Fund had a negative fund balance of \$1,295.

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2021**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2019-001	Material Weakness Budgetary amounts not agreeing with UAN system	No	Not Corrected Repeated as Finding 2021-001
2019-002	Noncompliance 5705.41(B), expenditures exceeding estimated resources	Yes	Finding No Longer Valid
2019-003	Material Weakness Reclassifications and adjustments	No	Not Corrected Repeated as Finding 2021-003
2019-004	Material Weakness Utility Rates charged	No	Not Corrected Repeated as Finding 2021-004

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SHAWNEE

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/6/2022

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