

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Botkins  
210 S. Mill Street  
Botkins, OH 45306-0190

We have reviewed the *Independent Auditor's Report* of the Village of Botkins, Shelby County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2021 through December 31, 2022. 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 Botkins 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

**July 14, 2023**

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VILLAGE OF BOTKINS  
SHELBY COUNTY

DECEMBER 31, 2022 AND 2021

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**INDEPENDENT AUDITOR'S REPORT**

Village of Botkins  
Shelby County  
210 South Mill Street  
P.O. Box 190  
Botkins, Ohio 45306

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 Botkins, Shelby County, Ohio (the Village), which comprises 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, 2022, and 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 and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and December 31, 2021, 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, 2022, and December 31, 2021, or the changes in financial position 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 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.



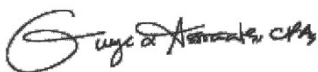
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 June 27, 2023, 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.



Columbus, Ohio  
June 27, 2023

**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 55,944	\$ 7,580	\$ -	\$ 63,524
Municipal Income Tax	619,188	-	333,409	952,597
Intergovernmental	53,705	166,758	94,795	315,258
Special Assessments	-	-	3,750	3,750
Charges for Services	86,069	-	-	86,069
Fines, Licenses and Permits	14,509	42,707	-	57,216
Earnings on Investments	10,349	741	-	11,090
Miscellaneous	69,346	681	24,865	94,892
<i>Total Cash Receipts</i>	<u>909,110</u>	<u>218,467</u>	<u>456,819</u>	<u>1,584,396</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	324,942	-	-	324,942
Public Health Services	4,142	-	-	4,142
Leisure Time Activities	130,219	-	-	130,219
Basic Utility Services	75	-	-	75
Transportation	786	47,098	-	47,884
General Government	263,484	44	18,284	281,812
Intergovernmental	1,556	-	-	1,556
Capital Outlay	149,354	97,759	754,262	1,001,375
Debt Service:				
Principal Retirement	-	-	29,905	29,905
Interest and Fiscal Charges	-	-	11,491	11,491
<i>Total Cash Disbursements</i>	<u>874,558</u>	<u>144,901</u>	<u>813,942</u>	<u>1,833,401</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>34,552</u>	<u>73,566</u>	<u>(357,123)</u>	<u>(249,005)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Debt Proceeds	-	-	225,000	225,000
Sale of Capital Assets	56,349	-	4,522	60,871
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>56,349</u>	<u>-</u>	<u>229,522</u>	<u>285,871</u>
<i>Net Change in Fund Cash Balances</i>	90,901	73,566	(127,601)	36,866
<i>Fund Cash Balances, January 1</i>	<u>982,209</u>	<u>244,053</u>	<u>635,473</u>	<u>1,861,735</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,073,110</u>	<u>\$ 317,619</u>	<u>\$ 507,872</u>	<u>\$ 1,898,601</u>

See accompanying notes to the basic financial statements

**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2022*

	Proprietary Funds Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 762,226
Miscellaneous	51,048
<i>Total Operating Cash Receipts</i>	<i>813,274</i>
<b>Operating Cash Disbursements</b>	
Personal Services	158,773
Employee Fringe Benefits	61,834
Contractual Services	195,123
Supplies and Materials	105,819
<i>Total Operating Cash Disbursements</i>	<i>521,549</i>
<i>Operating Income (Loss)</i>	<i>291,725</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Capital Assets	1,675
Capital Outlay	(118,109)
Principal Retirement	(143,318)
Interest and Other Fiscal Charges	(6,502)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(266,254)</i>
<i>Net Change in Fund Cash Balances</i>	<i>25,471</i>
<i>Fund Cash Balances, January 1</i>	<i>921,485</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 946,956</i>

*See accompanying notes to the basic financial statements*

**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
*Fiduciary Fund Types*  
**For the Year Ended December 31, 2022**

	<u>Fiduciary Funds Type</u>		<u>Totals</u>
	Trust	Custodial	(Memorandum Only)
<b>Additions</b>			
Charges for Services	\$ -	\$ 22,978	\$ 22,978
Earnings on Investments (trust funds only)	53		53
<i>Total Additions</i>	<u>53</u>	<u>22,978</u>	<u>23,031</u>
			-
<b>Deductions</b>			
Distributions as Fiscal Agent	-	22,854	22,854
<i>Total Deductions</i>	<u>-</u>	<u>22,854</u>	<u>22,854</u>
			-
<i>Net Change in Fund Balances</i>	53	124	177
			-
<i>Fund Cash Balances, January 1</i>	<u>17,904</u>	<u>-</u>	<u>17,904</u>
			-
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,957</u>	<u>\$ 124</u>	<u>\$ 18,081</u>

*See accompanying notes to the basic financial statements*

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

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**Note 1 - Reporting Entity**

The Village of Botkins (the Village), Shelby County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council, directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village owns its own Police Department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

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

The Village participates in The Ohio Plan, (Ohio Plan Risk Management) a risk management service available to Ohio local governments. to the financial statements provide additional information for these entities. 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.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Streets Fund:*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** - This fund receives gasoline tax and motor vehicle tax money for maintaining state highway roads within the Village.

***Local Fiscal Recovery Fund*** - This fund receives revenue from the federal "American Rescue Plan Act" (ARPA) to provide additional relief impacted by Covid-19 on local governments. Funds are passed through the State of Ohio.

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

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**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. The Village had the following significant capital project funds:

**Capital Improvement Fund** – This fund receives a share of income tax receipts to pay for various needed improvements and new equipment.

**Capital Improvement Fund - Fire Dept.** – This fund receives a share of income tax receipts to pay for various needed improvements and new equipment.

**Capital Improvement Fund Issue 2.** – This fund receives financial awards from the Ohio Public Works Commission for capital improvements to public infrastructure.

**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.

**Storm Water Fund** – The storm water fund accounts for the provision of storm water services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary 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.

The Village's private purpose trust funds are for the benefit of the community library.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for recycling fees collected on behalf of the North Central Solid Waste District.

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

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

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

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***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. 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 individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

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.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon retirement, employees are entitled to cash payments for unused sick 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:

***Non-spendable:*** The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$965,459	\$965,459	\$0
Special Revenue	218,435	218,467	32
Capital Projects	686,341	686,341	0
Enterprise	814,949	814,949	0
Private Purpose Trust	53	53	0
Custodial	23,100	22,978	(122)
<b>Total</b>	<b>\$2,708,337</b>	<b>\$2,708,247</b>	<b>(\$90)</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$991,730	\$874,558	\$117,172
Special Revenue	233,568	144,900	88,668
Capital Projects	861,695	813,942	47,753
Enterprise	893,582	789,478	104,104
Private Purpose Trust	283	0	283
Custodial	23,100	22,854	246
<b>Total</b>	<b>\$3,003,958</b>	<b>\$2,645,732</b>	<b>\$358,226</b>



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

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**Note 4 – Deposits**

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

	<u>2022</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$475,090
Certificates of deposit	20,000
Other time deposits (savings and NOW accounts)	<u>2,368,548</u>
Total deposits	<u><u>2,863,638</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents unremitted employee payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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 1.5 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.

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. The Village has a contract with the City of St. Mary's to collect income tax on behalf of the Village.

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

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**Note 6 - Risk Management**

**Workers' Compensation**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

**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.

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, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available).

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

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

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Several 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, 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 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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

**Note 9 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 5684 - WPCLF	\$ 664,713	0%
Ohio Water Development Authority Loan 8336 - Asset Management	\$ 5,085	0%
Ohio Water Development Authority Loan 8684 - UV Upgrades	\$ 306,139	178%
Ohio Public Works Commission - CM11U - WTP Improvements	\$ 441,667	0%
Ohio Public Works Commission - CM15T - Edgewood St	\$ 50,750	0%
Ohio Public Works Commission - CM19X - Lynn Street	\$ 221,250	0%
First National Bank Loan - Land Debt	\$ 559,315	198%
Total	<u>\$ 2,248,919</u>	

The Ohio Water Development Authority (OWDA)- 5684 was for the WWTP Improvements (WPCLF). The loan is an interest free loan. The original loan was for a 5-year term at 0% interest rate and was received by the Village in fiscal year 2010 in the amount of \$109,282. The first payment on the loan was due 7-1-2010 and after the initial payment of \$11,550 the remaining balance of this loan was rolled into the Construction loan. The Construction loan is for 20-year period at 0% interest rate and the first payment was due 7-1-2012. Costs accumulated the amount rolled over from the design phase of the project totaled \$1,472,202. Maturity date is 2032. The construction loan was closed in 2017 and the undisbursed funds totaling \$72,806.01 were returned, lowering the cost of the project to \$1,399,395.99; new semi-annual payments were lowered to \$34,984.90. This note is being paid by user charges from the Sewer Fund.

The Ohio Water Development Authority (OWDA) 8336 is an Asset Management Plan Loan and is a 5-year interest free loan received through the drinking water revolving loan fund for public water systems. Plan improved upon the Village's long-term sustainability and fulfilled Ohio's EPA's written plan requirements. Cost of the project was \$20,170.00 and closed in 2020. Village received \$20,000.00 in 2020 with \$10,000.00 in principle forgiveness. Loan is set at semi-annual payments of \$1,017.00; first payment was made in July 2020. Maturity date is January 2025. This note is being paid from the Water Fund.

The Ohio Water Development Authority (OWDA) 8684 was for the Wastewater Treatment Plant UV Disinfection Upgrade and was a project opened in 2019; principal amount of the original loan was \$334,511.64 with an interest rate of 1.78%. The loan is a 20-year note with semi-annual payments of \$9,976.28. Maturity date is July 2040. This note is being paid by user charges from the Sewer Fund.

The Ohio Public Works Commission Loan (OPWC) CM11U which was for the Water Treatment Plant Improvements is an interest free loan. The loan was initialized in 2019 for \$500,000.00 with the first payment in July 1, 2019. Semi-annual payments are due January 1st and July 1st of each year of \$8,333.33 (\$16,666.66 annually). It is a 30-year loan with a maturity date on January 1, 2049. This note is being paid by user charges from the Water Fund.

The Ohio Public Works Commission Loan (OPWC) CM15T was for the Edgewood Street reconstruction project. This loan is for a 20-year term at 0% interest rate and was received by the Village in fiscal year 2016 in the amount of \$70,000.00. The first payment on the loan was made in July 2017; annual payments are \$3,500.00 (\$1,750.00 bi-annually). This note is being paid from the Capital Improvement Fund. The maturity date is 2037.

The Ohio Public Works Commission Loan (OPWC) CM19X was for the Lynn Street reconstruction project. The \$225,000.00 loan is for a 30-year term at 0% interest rate. Project closed in 2021. The first payment on the loan was made in July 2022; annual fixed payments are \$7,500.00 (\$3,750.00 bi-annually). This note is being paid from the Capital Improvement Fund. Maturity date is 2052.

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

First National Bank Land Debt loan was refinanced in 2021. The 2017 original note was a 5-year balloon note for \$664,394.32 with a rate of 2.35%; annual payments of principal and interest were \$35,450.55. The debt was refinanced in February 2021; amount financed was \$581,970.35. Interest rate at 1.98%. Annual payments of principal and interest are \$34,146.09. The proceeds of this note were used to refinance the purchase of 56.43 acres of land for future growth. Ordinance 21-05 provides for the issuance of Bond Anticipation notes. This note is being paid from the Capital Improvement Fund. Five-year balloon maturity date is February 25, 2026.

**Amortization**

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

Year Ending December 31:	OWDA 5684 WPCLF	OWDA 8336 Asset Mgmt	OWDA 8684 UV Upgrades	OPWC CM11U WTP Imp	OPWC CM15T Edgewood St	OPWC CM19X Lynn St	First National Bank Land Debt
2023	\$ 69,970	\$ 2,034	\$ 19,952	\$ 16,667	\$ 3,500	\$ 7,500	\$ 34,146
2024	69,970	2,034	19,952	16,667	3,500	7,500	34,146
2025	69,970	1,017	19,952	16,667	3,500	7,500	34,146
2026	69,970	-	19,952	16,667	3,500	7,500	498,460
2027	69,970	-	19,952	16,667	3,500	7,500	-
2028-2032	314,864	-	230,648	358,333	33,250	183,750	-
Total	\$ 664,714	\$ 5,085	\$ 330,408	\$ 441,668	\$ 50,750	\$ 221,250	\$ 600,898

**Note 10 – Contingent Liabilities**

The Village is not currently involved in any litigation as a named Defendant or as a named Plaintiff. Furthermore, based upon the information known to the Village management as of the date of this report, it is not foreseeable/and or likely the Village will be involved in any litigation in the foreseeable future. The amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Related Party Transactions**

A Village Council member is part owner of a company from which the Village acquired goods and services during the year. The Village paid \$367.68 for this acquisition.

A Village Council member is the owner of a company from which the Village acquired goods and services during the year. The Village paid \$4,147.67 for this acquisition.

**Note 12 – 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 unexpendable 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 facilitate effective cash planning and control.

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

At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable:						
Unclaimed Monies	\$ 214	\$ -	\$ -	\$ 115	\$ -	\$ 329
Corpus	-	-	-	-	-	-
Outstanding Encumbrances	-	-	-	-	-	-
<i>Total</i>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 329</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund 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.

**Note 13 – COVID-19**

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

**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 56,772	\$ 388	\$ -	\$ 57,160
Municipal Income Tax	589,752	-	317,559	907,311
Intergovernmental	49,537	167,279	230,205	447,021
Special Assessments	-	-	2,753	2,753
Charges for Services	86,752	-	-	86,752
Fines, Licenses and Permits	3,588	-	-	3,588
Earnings on Investments	6,203	285	-	6,488
Miscellaneous	96,253	566	34,250	131,069
<i>Total Cash Receipts</i>	<u>888,857</u>	<u>168,518</u>	<u>584,767</u>	<u>1,642,142</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	297,728	-	-	297,728
Public Health Services	3,892	-	-	3,892
Leisure Time Activities	111,600	-	-	111,600
Community Environment	-	-	-	-
Basic Utility Services	12,470	-	-	12,470
Transportation	23,521	55,081	-	78,602
General Government	234,252	-	15,287	249,539
Intergovernmental	4,606	-	-	4,606
Capital Outlay	212,455	4,964	483,221	700,640
Debt Service:				
Principal Retirement	-	-	606,398	606,398
Interest and Fiscal Charges	-	-	14,159	14,159
<i>Total Cash Disbursements</i>	<u>900,524</u>	<u>60,045</u>	<u>1,119,065</u>	<u>2,079,634</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(11,667)</u>	<u>108,473</u>	<u>(534,298)</u>	<u>(437,492)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Debt Proceeds	-	-	581,970	581,970
Sale of Capital Assets	16,441	-	2,198	18,639
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>16,441</u>	<u>-</u>	<u>584,168</u>	<u>600,609</u>
<i>Net Change in Fund Cash Balances</i>	4,774	108,473	49,870	163,117
<i>Fund Cash Balances, January 1</i>	<u>977,435</u>	<u>135,580</u>	<u>585,603</u>	<u>1,698,618</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 982,209</u>	<u>\$ 244,053</u>	<u>\$ 635,473</u>	<u>\$ 1,861,735</u>

See accompanying notes to the basic financial statements

**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 752,022
Miscellaneous	46,400
	798,422
<b>Operating Cash Disbursements</b>	
Personal Services	155,167
Employee Fringe Benefits	53,641
Contractual Services	103,600
Supplies and Materials	92,018
Other	67,198
	471,624
<i>Total Operating Cash Disbursements</i>	<i>471,624</i>
<i>Operating Income (Loss)</i>	<i>326,798</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(26,144)
Principal Retirement	(133,490)
Interest and Other Fiscal Charges	(7,997)
	(167,631)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(167,631)</i>
<i>Net Change in Fund Cash Balances</i>	<i>159,167</i>
<i>Fund Cash Balances, January 1</i>	<i>762,318</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 921,485</i>

*See accompanying notes to the basic financial statements*



**Village of Botkins, Ohio**  
*Shelby County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Fiduciary Fund Types**  
*For the Year Ended December 31, 2021*

	<u>Fiduciary Funds Type</u>		<u>Totals</u>
	<u>Trust</u>	<u>Custodial</u>	<u>(Memorandum Only)</u>
<b>Additions</b>			
Charges for Services	\$ -	\$ 22,244	\$ 22,244
Earnings on Investments	61		61
<i>Total Additions</i>	<u>61</u>	<u>22,244</u>	<u>22,305</u>
<b>Deductions</b>			
Distributions as Fiscal Agent	-	22,315	22,315
<i>Total Deductions</i>	<u>-</u>	<u>22,315</u>	<u>22,315</u>
<i>Net Change in Fund Balances</i>	61	(71)	(10)
<i>Fund Cash Balances, January 1</i>	<u>17,843</u>	<u>71</u>	<u>17,914</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,904</u>	<u>\$ -</u>	<u>\$ 17,904</u>

*See accompanying notes to the basic financial statements*

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The Village of Botkins (the Village), Shelby County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council, directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village owns its own Police Department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

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

The Village participates in The Ohio Plan, (Ohio Plan Risk Management) a risk management service available to Ohio local governments. to the financial statements provide additional information for these entities. 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.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Streets Fund:*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** - This fund receives gasoline tax and motor vehicle tax money for maintaining state highway roads within the Village.

***Local Fiscal Recovery Fund*** - This fund receives revenue from the federal "American Rescue Plan Act" (ARPA) to provide additional relief impacted by Covid-19 on local governments. Funds are passed through the State of Ohio.

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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. The Village had the following significant capital project funds:

**Capital Improvement Fund** – This fund receives a share of income tax receipts to pay for various needed improvements and new equipment.

**Capital Improvement Fund - Fire Dept.** – This fund receives a share of income tax receipts to pay for various needed improvements and new equipment.

**Capital Improvement Fund Issue 2.** – This fund receives financial awards from the Ohio Public Works Commission for capital improvements to public infrastructure.

**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.

**Storm Water Fund** – The storm water fund accounts for the provision of storm water services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary 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.

The Village's private purpose trust funds are for the benefit of the community library.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for recycling fees collected on behalf of the North Central Solid Waste District.

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

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

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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. 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 individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon retirement, employees are entitled to cash payments for unused sick 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:

***Non-spendable:*** The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

**Village of Botkins, Ohio**  
*Shelby County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2021*

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

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$700,268	\$905,298	\$205,030
Special Revenue	141,451	168,518	27,067
Capital Projects	1,388,470	1,168,935	(219,535)
Enterprise	747,200	798,422	51,222
Trust	70	61	(9)
Custodial	23,000	22,244	(756)
<b>Total</b>	<b>\$3,000,459</b>	<b>\$3,063,478</b>	<b>\$63,019</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,042,342	\$900,524	\$141,818
Special Revenue	70,832	60,045	10,787
Capital Projects	1,651,370	1,119,065	532,305
Enterprise	703,524	639,255	64,269
Private Purpose Trust	300	0	300
Custodial	23,000	22,315	685
<b>Total</b>	<b>\$3,491,368</b>	<b>\$2,741,204</b>	<b>\$750,164</b>

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits**

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

	<u>2021</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$421,790
Certificates of deposit	20,000
Other time deposits (savings and NOW accounts)	<u>2,359,334</u>
Total deposits	<u><u>2,801,124</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents unremitted employee payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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 1.5 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.

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. The Village has a contract with the City of St. Marys to collect income tax on behalf of the Village.

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 - Risk Management**

**Workers' Compensation**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

**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.

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, 2010 (through October 31, 2017), the corridor for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available).

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

**Village of Botkins, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Several 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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

The Village's full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**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 2021. 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.



**Village of Botkins, Ohio**  
*Shelby County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2021*

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 4571 - WTP-Iron Removal	\$ 40,336	2.84%
Ohio Water Development Authority Loan 5684 - WPCLF	\$ 734,683	0.00%
Ohio Water Development Authority Loan 8336 - Asset Management	\$ 7,119	0.00%
Ohio Water Development Authority Loan 8684 - UV Upgrades	\$ 320,451	1.78%
Ohio Public Works Commission - CM11U - WTP Improvements	\$ 458,333	0.00%
Ohio Public Works Commission - CM15T - Edgewood St	\$ 54,250	0.00%
First National Bank Loan - Land Debt	\$ 581,970	1.98%
<b>Total</b>	<b>\$ 2,197,142</b>	

The Ohio Water Development Authority (OWDA) 4571 –Water Treatment Plant – Iron Removal is a 15-year note requiring semi-annual payments of principal and interest of \$20,599. The original note was for \$500,347 at 2.84% and the first payment was due January 01, 2008. Maturity date is 2022. The proceeds of this note were used for water treatment plant improvements. This note is being paid by user charges from the Water Fund.

The Ohio Water Development Authority (OWDA)- 5684 was for the WWTP Improvements (WPCLF). The loan is an interest free loan. The original loan was for a 5-year term at 0% interest rate and was received by the Village in fiscal year 2010 in the amount of \$109,282. The first payment on the loan was due 7-1-2010 and after the initial payment of \$11,550 the remaining balance of this loan was rolled into the Construction loan.

The Construction loan is for 20-year period at 0% interest rate and the first payment was due 7-1-2012. Costs accumulated the amount rolled over from the design phase of the project totaled \$1,472,202. Maturity date is 2032. The construction loan was closed in 2017 and the undisbursed funds totaling \$72,806.01 were returned, lowering the cost of the project to \$1,399,395.99; new semi-annual payments were lowered to \$34,984.90. This note is being paid by user charges from the Sewer Fund.

The Ohio Water Development Authority (OWDA) 8336 is an Asset Management Plan Loan and is a 5-year interest free loan received through the drinking water revolving loan fund for public water systems. The plan improved upon the Village’s long-term sustainability and fulfilled Ohio’s EPA’s written plan requirements. Cost of the project was \$20,170.00 and closed in 2020. Village received \$20,000.00 in 2020 with \$10,000.00 in principle forgiveness. The loan is set at semi-annual payments of \$1,017.00; first payment was made in July 2020. Maturity date is January 2025. This note is being paid from the Water Fund.

The Ohio Water Development Authority (OWDA) 8684 was for the Wastewater Treatment Plant UV Disinfection Upgrade and was a project opened in 2019; principal amount of the original loan was \$334,511.64 with an interest rate of 1.78%. The loan is a 20-year note with semi-annual payments of \$9,976.28. Maturity date is July 2040. This note is being paid by user charges from the Sewer Fund.

The Ohio Public Works Commission Loan (OPWC) CM11U which was for the Water Treatment Plant Improvements is an interest free loan. The loan was initialized in 2019 for \$500,000.00 with the first payment in July 1, 2019. Semi-annual payments are due January 1st and July 1st of each year of \$8,333.33 (\$16,666.66 annually). It is a 30-year loan with a maturity date at January 1, 2049. This note is being paid by user charges from the Water Fund.

The Ohio Public Works Commission Loan (OPWC) CM15T was for the Edgewood Street reconstruction project. This loan is for a 20-year term at 0% interest rate and was received by the Village in fiscal year 2016 in the amount of \$70,000.00. The first payment on the loan was made in July 2017; annual payments are \$3,500.00 (\$1,750.00 bi-annually). This note is being paid from the Capital Improvement Fund. The maturity date is 2037.

**Village of Botkins, Ohio**  
*Shelby County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2021*

The First National Bank Land Debt loan was refinanced in 2021. The 2017 original note was a 5-year balloon note for \$664,394.32 with a rate of 2.35%; annual payments of principal and interest were \$35,450.55. The debt was refinanced in February 2021; amount financed was \$581,970.35. Interest rate at 1.98%. Annual payments of principal and interest are \$34,146.09. The proceeds of this note were used to refinance the purchase of 56.43 acres of land for future growth. Ordinance 21-05 provides for the issuance of Bond Anticipation notes. This note is being paid from the Capital Improvement Fund. The five-year balloon maturity date is February 25, 2026.

**Amortization**

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

Year Ending December 31:	OWDA 4571 Iron Removal	OWDA 5684 WPCLF	OWDA 8336 Asset Mgmt	OWDA 8684 UV Upgrades	OPWC CM11U WTP Imp	OPWC CM15T Edgewood St	First National Bank Land Debt
2022	\$ 41,197	\$ 69,970	\$ 2,034	\$ 19,952	\$ 16,667	\$ 3,500	\$ 34,146
2023	-	69,970	2,034	19,952	16,667	3,500	34,146
2024	-	69,970	2,034	19,952	16,667	3,500	34,146
2025	-	69,970	1,017	19,952	16,667	3,500	34,146
2026	-	69,970	-	19,952	16,667	3,500	498,460
2021-2031	-	349,850	-	99,760	83,335	17,500	-
2032-2036	-	34,984	-	99,760	83,335	17,500	-
2037-2041	-	-	-	79,817	83,335	1,750	-
2042-2046	-	-	-	-	83,335	-	-
2047-2051	-	-	-	-	41,658	-	-
Total	<u>\$ 41,197</u>	<u>\$ 734,684</u>	<u>\$ 7,119</u>	<u>\$ 379,097</u>	<u>\$ 458,333</u>	<u>\$ 54,250</u>	<u>\$ 635,044</u>

**Note 10 – Construction and Contractual Commitments**

The Village entered into a grant/loan agreement with the Ohio Public Works Commission Loan (OPWC) in July 2020 for the Lynn Street Reconstruction project with a total amount not to exceed \$550,000.00. A portion of the project was paid during 2021, and remain incomplete at December 31, 2022.

**Note 11 – Contingent Liabilities**

The Village is not currently involved in any litigation as a named Defendant or as a named Plaintiff. Furthermore, based upon the information known to the Village management as of the date of this report, it is not foreseeable/and or likely the Village will be involved in any litigation in the foreseeable future.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Related Party Transactions**

A Village Council member is part owner of a company from which the Village acquired goods and services during the year. The Village paid \$510 for this acquisition.

A Village Council member is the owner of a company from which the Village acquired goods and services during the year. The Village paid \$3,658.80 for this acquisition.

**Village of Botkins, Ohio**  
*Shelby County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2021*

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**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 and the unexpendable 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:						
Unclaimed Monies	\$ 214	\$ -	\$ -	\$ 115	\$ -	\$ 329
Corpus	-	-	-	-	-	-
Outstanding Encumbrances	-	-	-	-	-	-
<i>Total</i>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 329</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund 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.

**Note 14 – COVID-19**

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



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

Village of Botkins  
Shelby County  
210 South Mill Street  
P.O. Box 190  
Botkins, Ohio 45306

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued 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, 2022 and 2021 and the related notes to the financial statements of the Village of Botkins, Shelby County (the Village) and have issued our report thereon dated June 27, 2023, 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 purposes 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 Entity'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.

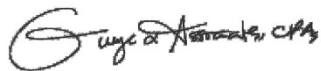
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item No. 2022-001 that we consider to be a material weakness.

***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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

This 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.



Columbus, Ohio  
June 27, 2023

VILLAGE OF BOTKINS  
SHELBY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Material Weakness – Accuracy of Financial Reporting**

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

All local public 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 Ohio Village Handbook provides suggested account 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 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. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2021:

- Principal payments of \$1,517 were recorded as interest payments in the Capital Improvement Fund.

We noted the following in 2022:

- Loan proceeds of \$225,000 from OPWC were incorrectly recorded as intergovernmental revenues

Audit adjustments, which were agreed by management, are reflected in the financial statements correcting the misstatement. Adjustments were not required to be made to the accounting records since there was not an impact on fund balances at December 31, 2022.

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.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BOTKINS**

**SHELBY 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 7/27/2023**

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

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