

VILLAGE OF JUNCTION CITY

PERRY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023





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Village Council
Village of Junction City
PO Box 105
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We have reviewed the *Independent Auditor's Report* of the Village of Junction City, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2024. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery 1:

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether "public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . ." Those determinations in an audit report constitute "findings for recovery." Ohio Rev. Code § 9.24(H)(3).

26 U.S.C. Section 3404 provides if the employer is in the United States, or a state, or political subdivision thereof, or the District of Columbia, or any agency instrumentality of any one or more of the forgoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such state, or political subdivision, or the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of such wages, or appropriately designated for that purpose.

Ohio Rev. Code § 145.47 requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

Ohio Rev. Code § 733.82 states that the treasurer of a municipal corporation or city auditor, or other officer of a municipal corporation having the duties of a municipal treasurer or of a city auditor, shall not be held liable for a loss of public funds when the officer has performed all official duties required of the officer with reasonable care, but shall be liable only when a loss of public funds results from the officer's negligence or other wrongful act.

Former Fiscal Officer, Belinda Rodgers, did not remit federal payroll taxes for November and December 2023 to the Internal Revenue by the required due dates. Failure to file, pay, and/or report the withholdings resulted in penalties and interest of \$260.22 paid by the Village in 2024.

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Village of Junction City
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Between October 30, 2023 and March, 29, 2024, the former Fiscal Officer, Belinda Rodgers, withheld employee pension contributions; however, neither the employer nor employee portions were remitted to the Ohio Public Employees Retirement System timely. Failure to file, pay, and/or report the withholdings resulted in penalties of \$434.35 and interest of \$710.87 for that time period paid by the Village between November 2023 and March 2024.

The failure to remit federal payroll tax withholdings and OPERS pension withholding payments timely is considered gross negligence. Late payment fees and related finance charges incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Belinda Rodgers, former Village of Junction City Fiscal Officer, and the Village's insurance company, Selective Insurance Company of America [Policy # 2006146], in the amount of \$1,405.44, and in favor of the Village's General Fund for \$1,405.44.

Finding for Recovery 2:

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether "public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . ." Those determinations in an audit report constitute "findings for recovery." Ohio Rev. Code § 9.24(H)(3).

Ohio Rev. Code § 145.47 requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

Prior to September 13, 2022, under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010).

On and after September 13, 2022, Ohio Rev. Code § 733.82 states that the treasurer of a municipal corporation or city auditor, or other officer of a municipal corporation having the duties of a municipal treasurer or of a city auditor, shall not be held liable for a loss of public funds when the officer has performed all official duties required of the officer with reasonable care, but shall be liable only when a loss of public funds results from the officer's negligence or other wrongful act.

Between June 1, 2021, and September 12, 2022, the Fiscal Officer, Tara Theado, withheld employee pension contributions; however, neither the employer nor employee portions were remitted to the Ohio Public Employees Retirement System timely. Failure to file, pay, and/or report the withholdings resulted in late fees and penalties of \$172.09 for that time period paid by the Village in February 2024.

Between September 13, 2022, and June 30, 2023, the Fiscal Officer Tara Theado withheld employee pension contributions; however, neither the employer nor employee portions were remitted to the Ohio Public Employees Retirement System timely. Failure to file, pay, and/or report the withholdings resulted in late fees and penalties of \$94.17 for that time period paid by the Village in February 2024.

The failure to pay OPERS pension withholding payments timely is considered gross negligence. Late payment fees and related finance charges incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

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In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tara Theado, former Village of Junction City Fiscal Officer, and her bonding company, Western Surety Company of America [Bond # 64790466], in the amount of \$266.26, and in favor of the Village's General Fund for \$266.26.

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 Junction City is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 14, 2026

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**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Junction City
Perry County
216 W. Main Street P.O. Box 105
Junction City, Ohio 43748

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 Junction City, Perry County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, or the changes in financial position or cash flows, thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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

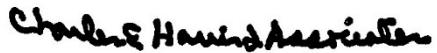
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 July 25, 2025, 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.



Charles E. Harris & Associates, Inc.

July 25, 2025

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 26,319	\$ 6,783	\$ 33,102
Intergovernmental	22,484	232,598	255,082
Charges for Services	-	199,744	199,744
Licenses, Permits and Fees	8,051	-	8,051
Fines, Forfeitures and Settlements	117	-	117
Earnings on Investments	9,371	640	10,011
Miscellaneous	<u>23,938</u>	<u>8,090</u>	<u>32,028</u>
<i>Total Cash Receipts</i>	<u>90,280</u>	<u>447,855</u>	<u>538,135</u>
Cash Disbursements			
Current:			
Security of Persons and Property	60,239	310,031	370,270
Leisure Time Activities	1,025	1,233	2,258
Transportation	-	45,634	45,634
General Government	32,008	90,475	122,483
Capital Outlay	-	225,758	225,758
Debt Service:			
Principal Retirement	-	31,978	31,978
Interest and Fiscal Charges	<u>-</u>	<u>2,914</u>	<u>2,914</u>
<i>Total Cash Disbursements</i>	<u>93,272</u>	<u>708,023</u>	<u>801,295</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,992)</u>	<u>(260,168)</u>	<u>(263,160)</u>
Other Financing Receipts (Disbursements)			
Loans Issued	-	86,262	86,262
Sale of Capital Assets	-	4,300	4,300
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>90,562</u>	<u>90,562</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,992)</u>	<u>(169,606)</u>	<u>(172,598)</u>
<i>Fund Cash Balances, January 1</i>	<u>26,811</u>	<u>517,668</u>	<u>544,479</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 23,819</u>	<u>\$ 348,062</u>	<u>\$ 371,881</u>

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

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 333,037
<i>Total Operating Cash Receipts</i>	<u>333,037</u>
Operating Cash Disbursements	
Personal Services	74,352
Employee Fringe Benefits	8,506
Contractual Services	119,168
Supplies and Materials	125,632
Claims	2,879
Other	<u>1,127</u>
<i>Total Operating Cash Disbursements</i>	<u>331,664</u>
Operating Income	1,373
Non-Operating Receipts (Disbursements)	
Capital Outlay	(2,990)
Principal Retirement	(19,648)
Interest and Other Fiscal Charges	<u>(4,193)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(26,831)</u>
Net Change in Fund Cash Balances	(25,458)
Fund Cash Balances, January 1	<u>406,641</u>
Fund Cash Balances, December 31	<u>\$ 381,183</u>

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The Village of Junction City, Perry County, Ohio (the Village), 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, police services, fire services, and emergency management services (EMS).

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

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

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

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

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

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

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

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

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2024 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

Village employees earn leave time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ 82,605	\$ 90,280	\$ 7,675
Special Revenue	393,200	538,417	145,217
Enterprise	313,496	333,037	19,541

2024 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$ 93,553	\$ 93,777	\$ (224)
Special Revenue	760,017	710,041	49,976
Enterprise	686,358	359,564	326,794

Contrary to Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriation authority in the General, Park and Recreation, Fire, Police Department K-9 and Enterprise Deposit – Water funds. Contrary to Ohio Revised Code Section 5705.41(D), certain disbursements were not properly certified prior to commitment to expend the funds.

Note 4 – Deposits and Investments

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

2024	
Cash Management Pool:	
Demand deposits	\$ 753,064

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Village is holding \$6,061 in 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.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2024.

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, 2024.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt

Debt outstanding at December 31, 2024, was as follows:

	2024	Interest
	Principal	Rate
OWDA - 4195	\$ 39,520	4.10%
OWDA - 7065	74,423	1.30%
OWDA - 8936	1,299	0.50%
OPWC - CR13R	146,917	0.00%
Medic Vehicle	58,639	3.50%
Fire Department Radios	84,983	5.50%
Total	\$ 405,781	

The Ohio Water Development Authority (OWDA) loan number 4195 which was given in 2005 in the amount of \$83,408. This loan was for sewer lines and sewer plant construction. The Village will repay this loan in semiannual installments of \$2,400, including interest, over 30 years.

The Ohio Water Development Authority (OWDA) loan number 7065 which was given in 2016 in the amount of \$100,618. This loan was for the installation of water meter pits within the Village. The Village will repay this loan in semiannual installments of \$2,031, including interest, over 30 years.

The Ohio Water Development Authority (OWDA) loan number 8936 which was given in 2020 for the purchase of upgraded water meter equipment. The Village will repay this loan in semiannual installments of \$1,304 for 5 years.

Ohio Public Works Commission to loan number CR13R which was given in 2016 in the amount of \$195,889. This loan was for the installation of meter pits and replacing all the water meters in the Village. The Village will repay this loan in semiannual installments of \$3,265; this loan is interest free, over 30 years. The Village has agreed to set utility rates to cover OWDA and OPWC debt service requirements.

In 2020, the Village Purchased 2020 Ford F550 Super Duty Medic Vehicle. The Village will repay this loan in a monthly installment of \$2,757, including interest over 6 years.

In 2024, the Village Purchased 22 MARCS Radios for the Fire Department. The Village will repay this loan in a monthly installment of \$1,648, including interest over 5 years.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA 4195	OWDA 7065	OWDA 8936	OPWC CR13R	Medic Vehicle	Fire Department Radios
2025	\$ 4,800	\$ 4,062	\$ 2,608	\$ 6,530	\$33,084	\$ 19,776
2026	4,800	4,062	-	6,530	27,570	19,776
2027	4,800	4,062	-	6,530	-	19,776
2028	4,800	4,062	-	6,530	-	19,776
2029	4,800	4,062	-	6,530	-	16,480
2030-2034	4,800	4,062	-	6,530	-	-
2035-2039	14,400	20,310	-	32,650	-	-
2040-2044	-	20,310	-	32,650	-	-
2045-2049	-	16,248	-	32,650	-	-
2049	-	-	-	9,787	-	-
Total	\$43,200	\$81,240	\$2,608	\$146,917	\$60,654	\$ 95,584

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special		
	General	Revenue	Total
Outstanding Encumbrances	\$ 505	\$ 2,018	\$ 2,523
Total	\$ 505	\$ 2,018	\$ 2,523

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

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 22,664	\$ 7,381	\$ 30,045
Intergovernmental	24,449	40,879	65,328
Charges for Services	-	387,486	387,486
Fines, Licenses and Permits	9,081	-	9,081
Earnings on Investments	8,146	654	8,800
Miscellaneous	1,730	5,203	6,933
<i>Total Cash Receipts</i>	<u>66,070</u>	<u>441,603</u>	<u>507,673</u>
Cash Disbursements			
Current:			
Security of Persons and Property	23,105	309,505	332,610
Leisure Time Activities	746	167	913
Transportation	-	65,378	65,378
General Government	20,033	26,894	46,927
Debt Service:			
Principal Retirement	-	29,153	29,153
Interest and Fiscal Charges	-	3,680	3,680
<i>Total Cash Disbursements</i>	<u>43,884</u>	<u>434,777</u>	<u>478,661</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,186</u>	<u>6,826</u>	<u>29,012</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	<u>(509)</u>	<u>-</u>	<u>(509)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(509)</u>	<u>-</u>	<u>(509)</u>
<i>Net Change in Fund Cash Balances</i>	<u>21,677</u>	<u>6,826</u>	<u>28,503</u>
<i>Fund Cash Balances, January 1</i>	<u>5,134</u>	<u>510,842</u>	<u>515,976</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 26,811</u>	<u>\$ 517,668</u>	<u>\$ 544,479</u>

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

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Proprietary Fund Types</u>	
<u>Enterprise</u>	
Operating Cash Receipts	
Charges for Services	\$ 351,626
Miscellaneous	<u>3,332</u>
<i>Total Operating Cash Receipts</i>	<u>354,958</u>
Operating Cash Disbursements	
Personal Services	62,974
Employee Fringe Benefits	8,285
Contractual Services	116,461
Supplies and Materials	127,379
Other	<u>2,289</u>
<i>Total Operating Cash Disbursements</i>	<u>317,388</u>
<i>Operating Income</i>	37,570
Non-Operating Receipts (Disbursements)	
Principal Retirement	(10,814)
Interest and Other Fiscal Charges	<u>(3,927)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(14,741)</u>
<i>Net Change in Fund Cash Balances</i>	22,829
<i>Fund Cash Balances, January 1</i>	<u>383,812</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 406,641</u>

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Junction City, Perry County, Ohio (the Village), 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, police services, fire services, and emergency management services (EMS).

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

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

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

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

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

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

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

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

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

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Village employees earn leave time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted		Variance
	Receipts	Actual Receipts	
General	\$ 53,750	\$ 66,070	\$ 12,320
Special Revenue	328,155	441,603	113,448
Enterprise	233,000	354,958	121,958

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation		Variance
	Authority	Budgetary Disbursements	
General	\$ 45,970	\$ 53,257	\$ (7,287)
Special Revenue	374,625	446,402	(71,777)
Enterprise	337,006	346,112	(9,106)

Contrary to Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriation authority in the General, Park and Recreation, Fire, EMS, Sewer Operating and Enterprise Debt Service – water funds. Contrary to Ohio Revised Code Section 5705.41(D), certain disbursements were not properly certified prior to commitment to expend the funds.

Note 4 – Deposits

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

2023	
Cash Management Pool:	
Demand deposits	\$ 951,120

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village did not have any 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.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

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, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	2023	Interest
	Principal	Rate
OWDA - 4195	\$ 44,184	4.10%
OWDA - 7065	79,004	1.30%
OWDA - 8936	5,174	0.50%
OPWC - CR13R	153,446	0.00%
Medic Vehicle	<u>89,337</u>	3.50%
Total	<u>\$ 371,145</u>	

The December 31, 2022, ending principal balance for the Medic Vehicle Loan described below in the amount of \$118,490 was not included in the ending audited principal balance.

The Ohio Water Development Authority (OWDA) loan number 4195 which was given in 2005 in the amount of \$83,408. This loan was for sewer lines and sewer plant construction. The Village will repay this loan in semiannual installments of \$2,400, including interest, over 30 years.

The Ohio Water Development Authority (OWDA) loan number 7065 which was given in 2016 in the amount of \$100,618. This loan was for the installation of water meter pits within the Village. The Village will repay this loan in semiannual installments of \$2,031, including interest, over 30 years.

The Ohio Water Development Authority (OWDA) loan number 8936 which was given in 2020 for the purchase of upgraded water meter equipment. The Village will repay this loan in semiannual installments of \$1,304 for 5 years.

Ohio Public Works Commission loan number CR13R which was given in 2016 in the amount of \$195,889. This loan was for the installation of meter pits and replacing all the water meters in the Village. The Village will repay this loan in semiannual installments of \$3,265; this loan is interest free, over 30 years. The Village has agreed to set utility rates to cover OWDA and OPWC debt service requirements.

In 2020, the Village Purchased 2020 Ford F550 Super Duty Medic Vehicle. The Village will repay this loan in a monthly installment of \$2,757, including interest over 6 years.

Village of Junction City, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA 4195	OWDA 7065	OWDA 8936	OPWC CR13R	Medic Vehicle
2024	\$ 4,800	\$ 4,062	\$ 2,608	\$ 6,530	\$ 33,084
2025	4,800	4,062	2,608	6,530	33,084
2026	4,800	4,062	-	6,530	27,570
2027	4,800	4,062	-	6,530	-
2028	4,800	4,062	-	6,530	-
2029-2033	4,800	4,062	-	6,530	-
2034-2038	19,200	20,310	-	32,650	-
2039-2043	-	20,310	-	32,650	-
2044-2048	-	20,310	-	32,650	-
2049	-	-	-	16,316	-
Total	\$ 48,000	\$ 85,302	\$ 5,216	\$ 153,446	\$ 93,738

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special		
	General	Revenue	Total
Outstanding Encumbrances	\$ 8,864	\$ 11,625	\$ 20,489
Total	\$ 8,864	\$ 11,625	\$ 20,489

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

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

Village of Junction City
Perry County
216 W. Main Street P.O. Box 105
Junction City, Ohio 43748

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 by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Junction City, Perry County, (the Village) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2025, 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-002 and 2024-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as item 2024-001 to be a significant deficiency.

Village of Junction City
Perry County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2024-004 and 2024-005.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2025.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

July 25, 2025

Village of Junction City
Perry County
Schedule of Findings
December 31, 2024 and 2023

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NUMBER 2024-001 – Significant Deficiency

Missing Utility Receipt Support

The Village should design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, the Village should maintain an accounting system and accounting records sufficient to ensure the accountability over Village assets. In addition, the Village should have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious.

During 2023, the Village utility department was unable to locate the customer utility payment support for 56% of the utility bills selected for testing during the audit. We were able to perform other procedures to ensure for those customers selected for testing did credit for the payment on their account and the payment made was in agreement with the recalculated amounts. By not maintaining adequate safeguards over Village records it could lead to the misappropriation of Village assets.

We recommend the Village develop a system of internal controls that ensure all records are kept and filed in a way that is easily accessible should the need arise to access those records.

Management's Response - See Corrective Action Plan

FINDING 2024-002 – Material Weakness

Appropriations and Estimated Receipts Posted to the Accounting System

The Village did not have a control procedure in place to ensure that budgetary amounts, as authorized by Village Council and approved by the County Budget Commission, were reconciled to the budgetary amounts posted to the accounting system. This resulted in incorrect amounts being recorded in the accounting system and inaccurate budgetary information available to Village officials for their monitoring.

Variances between approved appropriation amounts and amounts recorded in the UAN system at December 31, 2024 and 2023 were as follows:

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)

FINDING 2024-002 – Material Weakness (Continued)

Appropriations and Estimated Receipts Posted to the Accounting System (Continued)

2024 Fund	Appropriations Approved by Resolution	Appropriations Posted to the Accounting System	Variance
General	\$ 84,689	\$ 105,193	\$ (20,504)
Street & Alley	56,025	59,665	(3,640)
Parks and Recreation	33	1,233	(1,200)
Fire	421,817	507,817	(86,000)
EMS	228,538	273,448	(44,910)
Police Dept K-9	2	1,502	(1,500)
Enterprise Deposit-Water	-	1,000	(1,000)

2023 Fund	Appropriations Approved by Resolution	Appropriations Posted to the Accounting System	Variance
General	\$ 40,136	\$ 54,700	\$ (14,564)
Parks and Recreation	-	200	(200)
Coronavirus Relief Fund-NEU Fed funds	25,000	28,000	(3,000)
Fire	172,300	308,800	(136,500)
EMS	93,000	139,702	(46,702)
Water Operating	204,775	219,275	(14,500)
Sewer Operating	104,180	170,180	(66,000)
Enterprise Debt Service-Water	8,500	11,500	(3,000)

Variances between approved estimated receipt amounts and amounts recorded in the UAN system at December 31, 2024 and 2023 were as follows:

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)

FINDING 2024-002 – Material Weakness (Continued)

Appropriations and Estimated Receipts Posted to the Accounting System (Continued)

2024 Fund	Estimated Receipts per Amended Certificate	Estimated Receipts		
		Posted to the Accounting System	Variance	
Street & Alley	\$ 54,589	\$ 49,789	\$ 4,800	
 				
2023 Fund	Estimated Receipts per Amended Certificate	Estimated Receipts	Variance	
General	\$ 53,750	\$ 67,298	\$ (13,548)	
Street & Alley	37,650	37,483	167	
State Highway	2,000	2,721	(721)	
Coronavirus Relief Fund-NEU Fed funds	42,005	185	41,820	
Fire	210,300	122,923	87,377	
EMS	35,000	91,210	(56,210)	
Police Dept K-9	1,200	1,500	(300)	
Water Operating	100,000	155,922	(55,922)	
Sewer Operating-Storm Water Utility	6,000	6,996	(996)	
Enterprise Debt Service-Water	10,000	10,832	(832)	
Enterprise Debt Service - Sewer	12,000	9,906	2,094	
Enterprise Deposit-Water	5,000	2,042	2,958	

Village officials should be monitoring the budgetary activity in order to make informed decisions regarding Village finances. The proper recording of budgetary activity in the UAN system provides safeguards as the system is designed to let the fiscal officer know if budgetary violations will occur. Adjustments were made to the budgetary activity reported in notes to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission and appropriations plus carryover appropriations approved by Council.

We recommend the Village implement procedures to ensure budgetary amounts are accurately posted to the accounting system and financial statements and reconciled to the amounts approved by Village Council and the budget commission after each amendment.

Management's Response – See Corrective Action Plan.

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)**

FINDING 2024-003 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

During 2024 and 2023, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2024:

- Property Taxes of \$16,174 were improperly allocated to the Street Fund instead of the General Fund;
- Principal and interest payments on Village debt were incorrectly posted for \$2,889 principal and \$107 in interest.
- Reclassification from Basic Utility in the Special Revenue Fund to Security of Persons and Property for \$69,833.
- The Village received grants from the FEMA for \$122,050, which was posted to other financing sources instead of intergovernmental receipts.
- Loan proceeds posted as Other Financing Sources instead of Loan issued for \$86,262.
- EMS school tuition was not posted to the financial statements for \$3,060.

For 2023:

- Property Taxes of \$2,511 were improperly allocated to the General Fund instead of the Street Construction Maintenance and Repair Fund;
- Homestead and Rollback of \$1,019 was posted to the General Fund instead of the Street Construction Maintenance and Repair Fund;
- Principal and interest payments on Village debt were incorrectly posted for \$29,153 and \$3,680, respectively.
- Reclassification from Basic Utility in the Special Revenue Fund to Security of Persons and Property of \$341,607.

Not posting receipts and disbursements correctly resulted in the financial statements and Village records requiring reclassification and adjusting entries. The financial statements and Village records reflect all reclassifications and adjustments.

Also, during 2024 and 2023 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Budgetary
- Fund Balances
- Debt
- Deposit
- Risk Management
- Defined Benefit Pension Plan
- Postemployment Benefits

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)

FINDING 2024-003 - Material Weakness – (Continued)

Financial Reporting - Posting Receipts and Disbursements – (Continued)

We recommend the Fiscal Officer refer to the Village Officers' Handbook, Uniform Accounting Network (UAN) manual and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan.

FINDING 2024-004 – Noncompliance

Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. In 2024 and 2023, the following funds' budgetary expenditures in excess of appropriations:

2024	Appropriations Approved		Budgetary	Variance
Fund	by Resolution	Disbursement		
General	\$ 93,553	\$ 93,777	\$ (224)	
Parks and Recreation	33	1,233	(1,200)	
Fire	424,453	461,939	(37,486)	
Police Dept K-9	-	1,502	(1,502)	
Enterprise Deposit-Water	-	787	(787)	

2023	Appropriations Approved		Budgetary	Variance
Fund	by Resolution	Disbursement		
General	\$ 45,970	\$ 53,257	\$ (7,287)	
Parks and Recreation	-	167	(167)	
Fire	172,459	236,400	(63,941)	
EMS	94,792	123,696	(28,904)	
Sewer Operating	104,788	131,047	(26,259)	
Enterprise Debt Service - Water	8,500	9,929	(1,429)	

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

Management's Response – See Corrective Action Plan.

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)**

FINDING 2024-005 – Noncompliance

Certifying the Availability of Funds

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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.

1. "Then and Now" certificate - 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of 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 expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by ordinance or resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

Village of Junction City
Perry County
Schedule of Findings – (Continued)
December 31, 2024 and 2023

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (Continued)**

FINDING 2024-005 – Noncompliance – (Continued)

Certifying the Availability of Funds – (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 24% and 13% and of the expenditures tested for 2024 and 2023, respectively.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – See Corrective Action Plan.

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**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness - Missing Utility Receipts	Not Corrected	N/A
2022-002	Material Weakness - Appropriations and Estimated Receipts Posted to the Accounting System	Not Corrected	N/A
2022-003	Material Weakness - Financial Reporting	Not Corrected	N/A
2022-004	Noncompliance - Expenditures Exceeding Appropriations	Not Corrected	N/A
2022-005	Noncompliance - Certifying the Availability of Funds	Not Corrected	N/A

**VILLAGE OF JUNCTION CITY
PERRY COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	The Village will maintain and safeguard all Village records.	Immediately	Alicia Houston, Fiscal Officer
2024-002	The Fiscal Officer will monitor the budgetary activity and update the UAN System.	Immediately	Alicia Houston, Fiscal Officer
2024-003	Fiscal Officer will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Alicia Houston, Fiscal Officer
2024-004	The Fiscal Officer will closely monitor expenditures and appropriations and make necessary changes to be in compliance.	Immediately	Alicia Houston, Fiscal Officer
2024-005	The Fiscal Officer will properly certify all disbursements and approve them prior to Invoices.	Immediately	Alicia Houston, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JUNCTION CITY

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/27/2026

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

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