



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Unionville Center
Union County
209 Cross Street
Unionville Center, Ohio 43077

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 Unionville Center, Union County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 Notes 2 (2021) and 1 (2020).

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, 2021 and 2020, or the respective 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 Notes 2 (2021) and 1 (2020) of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Notes 2 (2021) and 1 (2020) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 of the December 31, 2021 financial statements and Note 10 of the December 31, 2020 financial statements, the Village has a net deficiency in the General Fund due to losses resulting from embezzlement by the former Village Fiscal Officer. These Notes also describe management's evaluation of the events and conditions and their plan to mitigate these matters.

Additionally, as disclosed in Note 9 to the December 31, 2021 financial statements and Note 8 to the December 31, 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

We did not modify our opinion regarding these matters.

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 January 5, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2024

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**VILLAGE OF UNIONVILLE CENTER
UNION 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,455	\$ -	\$ 8,455
Intergovernmental	9,470	34,628	44,098
Charges for Services	155	-	155
Fines, Licenses and Permits	1,358	-	1,358
Earnings on Investments	6	7	13
Miscellaneous	143	-	143
<i>Total Cash Receipts</i>	<u>19,587</u>	<u>34,635</u>	<u>54,222</u>
Cash Disbursements			
Current:			
Security of Persons and Property	1,382	-	1,382
Basic Utility Services	478	-	478
Transportation	-	14,997	14,997
General Government	16,107	3,031	19,138
<i>Total Cash Disbursements</i>	<u>17,967</u>	<u>18,028</u>	<u>35,995</u>
<i>Excess of Receipts Over Disbursements</i>	1,620	16,607	18,227
Other Financing Disbursements			
Other Financing Uses	(810)	-	(810)
<i>Total Other Financing Disbursements</i>	<u>(810)</u>	<u>-</u>	<u>(810)</u>
<i>Net Change in Fund Cash Balances</i>	810	16,607	17,417
<i>Fund Cash Balances, January 1</i>	(50,836)	149,876	99,040
<i>Fund Cash Balances, December 31</i>	<u>\$ (50,026)</u>	<u>\$ 166,483</u>	<u>\$ 116,457</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 – Reporting Entity

The Village of Unionville Center (the Village), Union 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 general government police services.

Jointly Governed Organizations

The Village participates in the Pleasant Valley Joint Fire District, a jointly governed organization. Note 8 to the financial statements provide 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.

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:

Street Construction Maintenance and Repair 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.

Local Fiscal Recovery Fund The local fiscal recovery fund accounts for and reports payments received as part of the American Rescue Plan Act restricted for offsetting the economic impacts of COVID-19.

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 UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 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 cancelled, 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Fund Balance

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

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

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

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

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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.

At year-end, the fund balance of the General Fund as unassigned and the fund balance of special revenue funds were either restricted or committed.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,300	\$19,587	(\$713)
Special Revenue	21,100	34,635	13,535
Total	\$41,400	\$54,222	\$12,822

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$26,750	\$18,777	\$7,973
Special Revenue	29,500	18,028	11,472
Total	\$56,250	\$36,805	\$19,445

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 and investment accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits	\$99,921
STAR Ohio	16,536
Total carrying amount of deposits and investments held in the Pool	\$116,457

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, 2021, the Village is not holding any unremitted employee payroll withholdings for the current year.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

Note 7 – Defined Benefit Pension Plans

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8 – Joint Ventures

The Village is a participant, along with Canaan Township, Darby Township (Madison County), Darby Township (Union County), and the Village of Plain City, in the Pleasant Valley Joint Fire District (the District), which provides fire protection and rescue services within the District and by contract to areas outside the District. The District possesses its own budgeting and taxing authority. The degree of control exercised by the Village is limited to its representation on the Board. Financial information can be obtained from the Pleasant Valley Joint Fire District.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended June 2021, while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impacts 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.

Note 10 – Subsequent Events

On February 1, 2023, former Fiscal Officer Christa Williams was ordered to pay \$89,570 in restitution in Union County Common Pleas Court Case No. 2022-CR-0020 in connection with Ms. Williams pleading guilty to one count of theft in office and one count of tampering with records, both felonies of the third degree. Of this \$89,570, \$81,165 is in favor of the Village's General Fund, with the remaining \$8,405 in favor of the Auditor of State. As of January 5, 2024, the Village has received and deposited \$76,110 in restitution in the General Fund.

Note 11 – Management Plan

The relatively huge embezzlement from the Village that was discovered took place over a period of years. The resulting large, negative fund balance in the General Fund will take some time to remediate. The Village has elected to treat all funds available as a part of the State and Local Fiscal Recovery Funds (SLFRF) as Revenue Replacement per the Final Rule. That total allocation is \$23,988. The Village has also submitted a claim to the insurance company that provided the \$25,000 bond on the former Fiscal Officer. Any funds received from that claim will help restore the balance in the General Fund.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,643	\$ -	\$ 8,643
Intergovernmental	9,106	21,304	30,410
Special Assessments	-	162	162
Charges for Services	281	-	281
Fines, Licenses and Permits	1,764	-	1,764
Earnings on Investments	56	61	117
Miscellaneous	488	-	488
<i>Total Cash Receipts</i>	<u>20,338</u>	<u>21,527</u>	<u>41,865</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,415	-	2,415
Basic Utility Services	268	113	381
Transportation	-	6,662	6,662
General Government	22,099	2,882	24,981
<i>Total Cash Disbursements</i>	<u>24,782</u>	<u>9,657</u>	<u>34,439</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,444)	11,870	7,426
Other Financing Disbursements			
Other Financing Uses	(46)	-	(46)
<i>Total Other Financing Disbursements</i>	<u>(46)</u>	<u>-</u>	<u>(46)</u>
<i>Net Change in Fund Cash Balances</i>	(4,490)	11,870	7,380
<i>Fund Cash Balances, January 1</i>	(46,346)	138,006	91,660
<i>Fund Cash Balances, December 31</i>	<u>\$ (50,836)</u>	<u>\$ 149,876</u>	<u>\$ 99,040</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Unionville Center, Union County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services.

Jointly Governed Organization:

The Village participates in the Pleasant Valley Joint Fire District, a jointly governed organization. Note 7 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.

B. Accounting Basis

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.

C. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following fund types:

1. General Fund

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

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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:

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

E. Budgetary Process

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

1. 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.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

At year-end, the fund balance of the General Fund was unassigned and the fund balance of the special revenue fund was either restricted or committed.

G. Capital Assets

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

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

2. Equity in Pooled Deposits and Investments

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

	2020
Demand deposits	\$82,518
STAR Ohio	16,522
Total Deposits and Investments	\$99,040

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,709	\$20,338	(\$10,371)
Special Revenue	20,441	21,527	1,086
Total	\$51,150	\$41,865	(\$9,285)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,686	\$24,828	\$14,858
Special Revenue	21,044	9,657	11,387
Total	\$60,730	\$34,485	\$26,245

4. Property Tax

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.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

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

5. Retirement Systems

The Village's Officials pay into the Social Security system. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village's liability is 6.2 percent of wages paid.

6. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

7. Jointly Governed Organization

The Village is a participant, along with Canaan Township, Darby Township (Madison County), Darby Township (Union County), and the Village of Plain City, in the Pleasant Valley Joint Fire District (the District), which provides fire protection and rescue services within the District and by contract to areas outside the District. The District possesses its own budgeting and taxing authority. The degree of control exercised by the Village is limited to its representation on the Board. Financial information can be obtained from the Pleasant Valley Joint Fire District.

8. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. 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.

9. Subsequent Event

On February 1, 2023, former Fiscal Officer Christa Williams was ordered to pay \$89,570 in restitution in Union County Common Pleas Court Case No. 2022-CR-0020 in connection with Ms. Williams pleading guilty to one count of theft in office and one count of tampering with records, both felonies of the third degree. Of this \$89,570, \$81,165 is in favor of the Village's General Fund, with the remaining \$8,405 in favor of the Auditor of State. As of January 5, 2024, the Village has received and deposited \$76,110 in restitution in the General Fund.

10. Management Plan

The relatively huge embezzlement from the Village that was discovered took place over a period of years. The resulting large, negative fund balance in the General Fund will take some time to remediate. The Village has elected to treat all funds available as a part of the State and Local Fiscal Recovery Funds (SLFRF) as Revenue Replacement per the Final Rule. That total allocation is \$23,988. The Village has also submitted a claim to the insurance company that provided the \$25,000 bond on the former Fiscal Officer. Any funds received from that claim will help restore the balance in the General Fund.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Unionville Center
Union County
209 Cross Street
Unionville Center, Ohio 43077

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Unionville Center, Union County, (the Village) and have issued our report thereon dated January 5, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, we noted the Village has a net deficiency in the General Fund as of December 31, 2021 and 2020 and the financial impact of COVID-19 and the continuing measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Efficient • Effective • Transparent

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2024

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness

Timely Posting of Transactions / Monthly Bank Reconciliations / Council Monitoring

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

During 2020, receipt and disbursement transactions were not consistently recorded timely, with the longest period between invoice or receipt date and the transaction/posting date in the Village's accounting system being 248 days. Since transactions were not posted timely, bank reconciliations were not completed in a timely manner (for example, the January through June 2020 reconciliations were not completed until July 12 and the July through October 2020 reconciliations were not completed until November 27 or December 2). In addition, monthly financial reports and bank reconciliations were not prepared or provided to the Village Council for 7 out of the 9 regular monthly meetings for which Council minutes were maintained during 2020.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Lastly, the lack of financial reports for timely review inhibits Council members and management from performing their assigned duties and thus increases the risk of theft/fraud and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and other system-generated financial reports and document the reviews.

Officials' Response

We did not receive a response from Officials to this finding.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-002

Noncompliance & Material Weakness
Recording in Inccrrect Fund

Ohio Rev. Code § 5705.10(A) states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

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

Furthermore, **Ohio Rev. Code § 5728.06(A)**, in part, provides that for the following purposes, an excise tax is hereby imposed on the use of motor fuel to operate on the public highways of this state: to enable the municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; and to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 21 of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code.

Lastly, **Ohio Rev. Code § 4503.02** provides that an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways. Such a tax, in part, is for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the counties' proportion of the cost and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; paying the counties' portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads; paying the principal, interest, and charges on county bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; enabling municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; and paying the principal, interest, and other charges on municipal bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements.

During the audit period, the Village posted receipts and disbursements to improper funds as follows:

- In 2020, there was \$8,056 in disbursements posted to the Street Construction, Maintenance, and Repair Fund which did not meet the purposes described in the preceding two paragraphs and/or insufficient documentation was maintained by the Village to support the disbursements met the purposes described above.
- In 2020, \$162 in Special Assessments receipts were erroneously posted to the General Fund rather than in a special revenue fund created for special assessments.
- In 2020, \$781 in Homestead & Rollback receipts related to the Village's General/Current Expense levies were erroneously posted to the Street Construction, Maintenance, and Repair Fund rather

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-002 (Continued)

Noncompliance & Material Weakness
Recording in Incorrect Fund

than the General Fund. Additionally, \$660 in License Tax distributions were erroneously posted to the General Fund rather than the Street Construction, Maintenance, and Repair Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements. After these adjustments (and fund balance adjustments carried forward from the prior audit) were posted, the General Fund had deficit fund balances of (\$50,026) and (\$50,836) at December 31, 2021 and 2020, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes. Additionally, refer to the Emphasis of Matter paragraph within the Independent's Auditor Report.

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 this finding.

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Village of Unionville Center

209 Cross Street, P.O. Box 5
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Timely Posting of Transactions / Monthly Bank Reconciliations / Council Monitoring	Not corrected – Repeated as Finding 2021-001	This finding was related to the activity of the former Fiscal Officer who was let go 9/23/2020. The Village has addressed these issues going forward.
2019-002	Recording in Incorrect Fund	Not corrected – Repeated as Finding 2021-002	This finding was related to the activity of the former Fiscal Officer who was let go 9/23/2020. The Village has addressed these issues going forward.
2019-003	Financial Reporting	Partially corrected – Repeated in the Management Letter	This finding was related to the activity of the former Fiscal Officer who was let go 9/23/2020. The Village has addressed these issues going forward.
2019-004	Finding for Recovery	Partially corrected	On February 1, 2023, the former Fiscal Officer was ordered to pay \$89,570 in restitution in Union County Common Pleas Court Case No. 2022-CR-0020. Of this amount, \$81,165 was in favor of the Village's General Fund, with the remaining \$8,405 in favor of the Auditor of State. As of January 5, 2024, the Village has received and deposited \$76,110 in restitution in the General Fund.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF UNIONVILLE CENTER

UNION 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 1/30/2024

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