



**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**OHIO AUDITOR OF STATE
KEITH FABER**



VILLAGE OF WEST UNITY
WILLIAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021	6
Notes to the Financial Statements For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2020	16
Notes to the Financial Statements For the Year Ended December 31, 2020	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	30

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INDEPENDENT AUDITOR'S REPORT

Village of West Unity
Williams County
P.O. Box 207
224 West Jackson Street
West Unity, Ohio 43570-0207

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 West Unity, Williams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 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 and proprietary fund type 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 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 of the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2022

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VILLAGE OF WEST UNITY
WILLIAMS 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	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$120,852	\$42,121				\$162,973
Municipal Income Tax	657,846			\$328,923		986,769
Intergovernmental	69,758	218,760		262,830		551,348
Special Assessments	9,220					9,220
Charges for Services	53,075	505				53,580
Fines, Licenses and Permits	22,190	283				22,473
Earnings on Investments	8,361	647			\$112	9,120
Miscellaneous	9,530	6,303		5,426		21,259
<i>Total Cash Receipts</i>	<u>950,832</u>	<u>268,619</u>		<u>597,179</u>	<u>112</u>	<u>1,816,742</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	452,197	15,390				467,587
Public Health Services	1,925					1,925
Leisure Time Activities		26,905				26,905
Community Environment	6,917				108	7,025
Basic Utility Services	16,067	6,985				23,052
Transportation		81,512				81,512
General Government	287,329	30,207				317,536
Capital Outlay	8,435			578,942		587,377
<i>Total Cash Disbursements</i>	<u>772,870</u>	<u>160,999</u>		<u>578,942</u>	<u>108</u>	<u>1,512,919</u>
<i>Excess of Receipts Over Disbursements</i>	<u>177,962</u>	<u>107,620</u>		<u>18,237</u>	<u>4</u>	<u>303,823</u>
Other Financing Receipts:						
Other Debt Proceeds				52,685		52,685
Sale of Capital Assets				10,601		10,601
<i>Total Other Financing Receipts</i>				<u>63,286</u>		<u>63,286</u>
<i>Net Change in Fund Cash Balances</i>	177,962	107,620		81,523	4	367,109
<i>Fund Cash Balances, January 1</i>	860,778	334,181	\$1,896	1,226,199	53,698	2,476,752
<i>Fund Cash Balances, December 31</i>	<u>\$1,038,740</u>	<u>\$441,801</u>	<u>\$1,896</u>	<u>\$1,307,722</u>	<u>\$53,702</u>	<u>\$2,843,861</u>

See accompanying notes to the basic financial statements

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$667,694
Miscellaneous	15,873
	683,567
<i>Total Operating Cash Receipts</i>	<i>683,567</i>
Operating Cash Disbursements:	
Personal Services	141,693
Employee Fringe Benefits	70,829
Contractual Services	112,785
Supplies and Materials	88,991
Other	8,484
	422,782
<i>Total Operating Cash Disbursements</i>	<i>422,782</i>
<i>Operating Income</i>	<i>260,785</i>
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	72
Principal Retirement	(31,160)
Interest and Other Fiscal Charges	(3,479)
	(34,567)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(34,567)</i>
<i>Net Change in Fund Cash Balances</i>	<i>226,218</i>
<i>Fund Cash Balances, January 1</i>	<i>1,439,415</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,665,633</i>

See accompanying notes to the basic financial statements

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of West Unity, Williams 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, street maintenance, park operations, and police services. The Village contracts with Brady Township to receive fire protection services.

Jointly Governed Organization

The Village participates in a jointly governed organization. Note 14 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair 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.

Parks and Recreation Fund The parks and recreation fund accounts for and reports property tax monies for the maintenance and repair of park grounds and facilities.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Other Debt Service Fund The other debt service was used to retire mortgage revenue bonds and loans received from the Ohio Water Development Authority.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Projects Fund The other capital projects fund accounts for and reports income tax and grant monies for the maintenance of facilities, construction of capital improvements, and purchase of equipment.

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

Kissell Endowment Fund The Kissell endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's community (Kissell) building.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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 (D). 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 (D) 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 level level of control with salaries and benefits separately identified, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

Village of West Unity
Williams 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.

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

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	\$857,205	\$950,832	\$93,627
Special Revenue	278,852	268,619	(10,233)
Capital Projects	900,000	660,465	(239,535)
Permanent	250	112	(138)
Enterprise	677,500	683,639	6,139
Total	\$2,713,807	\$2,563,667	(\$150,140)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$899,303	\$790,387	\$108,916
Special Revenue	319,284	162,807	156,477
Capital Projects	1,243,831	578,942	664,889
Permanent	250	108	142
Enterprise	604,237	462,935	141,302
Total	\$3,066,905	\$1,995,179	\$1,071,726

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:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$4,389,757
Certificates of deposit	52,000
Other time deposits (savings accounts)	<u>67,737</u>
Total Deposits	<u><u>\$4,509,494</u></u>

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

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

Note 6 – Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

- Public official's liability;
- Law enforcement liability;
- Inland marine;
- Crime;
- Vehicles;
- Errors and omissions; and
- Cyber security.

Note 8 – 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, 2021.

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 members' wages. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$625,301	0.53%

The Ohio Water Development Authority (OWDA) loan relates to construction of the new water tower. The OWDA approved \$656,502 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$17,319, including interest, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan has not been finalized, therefore, an amortization schedule for this loan is not available.

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus			\$51,959	\$51,959
Outstanding Encumbrances	\$17,517	\$1,808		19,325
<i>Total</i>	\$17,517	\$1,808	\$51,959	\$71,284

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

Note 13 – COVID-19

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the Village paid RITA \$27,748 for income tax collection services.

Note 15 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded the proceeds from gasoline excise tax, OVI fines, utility deposits, and municipal court fees in the wrong fund.

VILLAGE OF WEST UNITY
WILLIAMS 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	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$116,962	\$40,936				\$157,898
Municipal Income Tax	495,044			\$247,522		742,566
Intergovernmental	65,727	298,393		805,812		1,169,932
Special Assessments	8,275					8,275
Charges for Services	50,529	410				50,939
Fines, Licenses and Permits	21,451	465				21,916
Earnings on Investments	26,786	2,014			\$570	29,370
Miscellaneous	39,595	6,163		8,128		53,886
<i>Total Cash Receipts</i>	<u>824,369</u>	<u>348,381</u>		<u>1,061,462</u>	<u>570</u>	<u>2,234,782</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	366,592	48,590				415,182
Leisure Time Activities		25,808				25,808
Community Environment	5,531				98	5,629
Basic Utility Services	13,960	6,000				19,960
Transportation		108,788				108,788
General Government	341,470	120,405				461,875
Capital Outlay	1,001	10,000		1,603,284		1,614,285
<i>Total Cash Disbursements</i>	<u>728,554</u>	<u>319,591</u>		<u>1,603,284</u>	<u>98</u>	<u>2,651,527</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>95,815</u>	<u>28,790</u>		<u>(541,822)</u>	<u>472</u>	<u>(416,745)</u>
Other Financing Receipts						
Other Debt Proceeds				603,817		603,817
Sale of Capital Assets				4,784		4,784
<i>Total Other Financing Receipts</i>				<u>608,601</u>		<u>608,601</u>
<i>Net Change in Fund Cash Balances</i>	95,815	28,790		66,779	472	191,856
<i>Fund Cash Balances, January 1</i>	764,963	305,391	\$1,896	1,159,420	53,226	2,284,896
<i>Fund Cash Balances, December 31</i>	<u>\$860,778</u>	<u>\$334,181</u>	<u>\$1,896</u>	<u>\$1,226,199</u>	<u>\$53,698</u>	<u>\$2,476,752</u>

See accompanying notes to the basic financial statements

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$640,567
Fines, Licenses and Permits	3
Miscellaneous	3,990
	644,560
<i>Total Operating Cash Receipts</i>	<i>644,560</i>
Operating Cash Disbursements:	
Personal Services	169,662
Employee Fringe Benefits	69,701
Contractual Services	120,115
Supplies and Materials	81,396
Other	7,254
	448,128
<i>Total Operating Cash Disbursements</i>	<i>448,128</i>
<i>Operating Income</i>	<i>196,432</i>
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	3,538
Principal Retirement	(51,652)
Interest and Other Fiscal Charges	(1,006)
Discount on Debt	(28)
Other Financing Uses	(1,890)
	(51,038)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(51,038)</i>
<i>Net Change in Fund Cash Balances</i>	<i>145,394</i>
<i>Fund Cash Balances, January 1</i>	<i>1,294,021</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,439,415</i>

See accompanying notes to the basic financial statements

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of West Unity, Williams 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, street maintenance, park operations, and police services. The Village contracts with Brady Township to receive fire protection services.

Jointly Governed Organization

The Village participates in a jointly governed organization. Note 15 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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 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.

Coronavirus Relief Fund Revenue The coronavirus relief fund accounts for and reports grant monies from the federal and/or state that are committed to coronavirus relief.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Other Debt Service Fund The other debt service was used to retire mortgage revenue bonds and loans received from the Ohio Water Development Authority.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Projects Fund The other capital projects fund accounts for and reports income tax and grant monies for the maintenance of facilities, construction of capital improvements, and purchase of equipment.

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

Kissell Endowment Fund The Kissell endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's community (Kissell) building.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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 (D). 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 (D) 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 level level of control with salaries and benefits separately identified, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$857,205	\$824,369	(\$32,836)
Special Revenue	334,125	348,381	14,256
Capital Projects	2,251,100	1,670,063	(581,037)
Permanent	900	570	(330)
Enterprise	660,827	648,098	(12,729)
Total	\$4,104,157	\$3,491,481	(\$612,676)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$946,054	\$733,101	\$212,953
Special Revenue	385,006	334,343	50,663
Capital Projects	2,513,832	1,974,300	539,532
Permanent	250	98	152
Enterprise	751,667	503,782	247,885
Total	\$4,596,809	\$3,545,624	\$1,051,185

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:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$3,796,495
Certificates of deposit	52,000
Other time deposits (savings accounts)	67,672
Total Deposits	\$3,916,167

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

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

Note 6 – Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- Comprehensive property and general liability;
- Public official's liability;
- Law enforcement liability;
- Inland marine;
- Crime;
- Vehicles;
- Errors and omissions; and
- Cyber security.

Note 8 – 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, 2020.

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 members' wages. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$603,817	0.53%

The Ohio Water Development Authority (OWDA) loan relates to construction of the new water tower. The OWDA approved \$656,502 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$17,319, including interest, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan has not been finalized, therefore, an amortization schedule for this loan is not available.

An Ohio Water Development Authority (OWDA) loan related to construction of the new water treatment plant was repaid in full in 2020. The OWDA approved \$853,699 in loans to the Village for this project.

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus				\$51,959	\$51,959
Outstanding Encumbrances	\$4,547	\$14,752	\$371,016		390,315
<i>Total</i>	<u>\$4,547</u>	<u>\$14,752</u>	<u>\$371,016</u>	<u>\$51,959</u>	<u>\$442,274</u>

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

Note 13 – COVID-19

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – Change in Accounting Principles

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash) – All Governmental Fund Types.

Note 15 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$9,667 for income tax collection services.

Note 16 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded the proceeds from gasoline excise tax and utility deposits in the wrong fund.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Village of West Unity
Williams County
P.O. Box 207
224 West Jackson Street
West Unity, Ohio 43570-0207

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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of West Unity, Williams County, Ohio (the Village) and have issued our report thereon dated December 19, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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.

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 a material weakness 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 deficiency described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

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 deficiency described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

December 19, 2022

**VILLAGE OF WEST UNITY
WILLIAMS 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 – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified for the year ended December 31, 2021:

- A municipal income tax receipt was improperly recorded twice, resulting in an overstatement of municipal income tax in the General and Other Capital Projects Funds in the amount of \$9,282 and \$4,641, respectively. General government disbursements for administrative fees in the General Fund were also overstated in the amount of \$418.
- Ohio Public Works Commission (OPWC) on-behalf-of transactions for a miscellaneous waterline replacement project were not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$239,064.
- OPWC on-behalf-of receipt in the Other Capital Projects Fund was improperly reported as miscellaneous receipts instead of intergovernmental receipts in the amount of \$23,766.
- Ohio Water Development Authority (OWDA) loan proceeds in the Other Capital Projects Fund were improperly reported as intergovernmental receipts instead of other debt proceeds in the amount of \$52,685.
- Budgeted receipts in the budgetary activity note to the financial statements were understated in the Special Revenue and Capital Projects funds in the amounts of \$16,230 and \$358,000, respectively, and overstated in the General fund in the amount of \$24,675.
- Actual receipts in the budgetary activity note to the financial statements were understated in the Special Revenue funds in the amount of \$655.
- Appropriation authority in the budgetary activity note to the financial statements were understated in the General, Special Revenue, Capital Projects, and Enterprise funds in the amounts of \$7,843, \$108,324, \$421,316, and \$1,106, respectively.
- Budgetary expenditures in the budgetary activity note to the financial statements were understated in the General, Special Revenue, Permanent, and Enterprise funds in the amounts of \$17,517, \$1,808, \$26, and \$5,514, respectively.

The following errors were identified for the year ended December 31, 2020:

- Body armor program payment through the Ohio Attorney General's office was improperly reported as miscellaneous receipts instead of intergovernmental receipts in the General Fund in the amount of \$2,667.
- OPWC on-behalf-of transaction was not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$20,937.
- OWDA loan proceeds and related refund of expenditures were improperly reported in the Other Capital Projects Fund resulting in an overstatement of special assessments in the amount of \$597,585 and an understatement in capital outlay and other debt proceeds in the amount of \$4,790 and \$592,795, respectively.

- OWDA loan proceeds for capitalized interest and loan fees were not recorded resulting in an understatement of other debt proceeds and capital outlay in the Other Capital Projects Fund in the amount of \$11,022.
- Community Development Block Grant (CDBG) on-behalf-of transactions for a miscellaneous waterline replacement project were not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$423,900.
- Budgeted receipts in the budgetary activity note to the financial statements were understated in the Enterprise fund in the amount of \$16,500 and overstated in the Special Revenue fund in the amount of \$14,000.
- Actual receipts in the budgetary activity note to the financial statements were understated in the Enterprise fund in the amount of \$5,289.
- Appropriation authority in the budgetary activity note to the financial statements were overstated in the Special Revenue fund in the amount of \$16,002.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to correct these errors. Failure to complete accurate financial statements could lead to the Council making misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$57 to \$55,347 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate the Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to help identify and correct errors and omissions.

FINDING NUMBER 2021-002

Noncompliance and Significant Deficiency

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

Due to inadequate controls over recording revenues, the following errors were identified for the year ended December 31, 2021:

- Gasoline excise taxes of \$3,654 and \$13,125 were improperly reported in the General Fund and State Highway Fund, respectively. Given the source of the revenues, these should have been recorded in the Street Construction, Maintenance and Report and State Highway funds in the amounts of \$16,505 and \$274, respectively.
- OVI fines of \$50 were improperly reported in the Drug Law Enforcement Fund. Given the source of the revenue, this should have been recorded in the Enforcement and Education Fund.
- Utility deposits of \$7,302 were improperly reported in the Water Fund. Given the source of the revenue, this should have been recorded in the Water Deposit Fund.
- Municipal court fees of \$372 were improperly reported in the Drug Law Enforcement Fund. Given the source of the revenue, this should have been recorded in the General Fund.

The following errors were identified for the year ended December 31, 2020:

- Gasoline excise taxes of \$8,099 were improperly reported in the State Highway Fund. Given the source of the revenue, this should have been recorded in the Street Construction, Maintenance and Repair Fund.
- Utility deposits of \$15,559 were improperly reported in the Water Fund. Given the source of the revenue, this should have been recorded in the Water Deposit Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

Officials' Response:

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

Police Chief
 JR Jones
Village Administrator
 Joshua Fritsch
Fiscal Officer
 Sarah Higdon
Deputy Clerk
 Aubrey Jennings



Mayor
 Don Leu
Council Members
 Kevin Gray, Pres.
 Shawn Blaisdell
 Terri Lebowsky
 Nathan Massie
 Stephen Marvin
 David Short

"A Community That Cares"

224 W JACKSON ST, PO BOX 207,
 WEST UNITY, OH 43570
 Phone: 419-924-2215 Fax: 419-924-2894
www.westunity.org

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding first reported in 2015. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2021-001 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST UNITY

WILLIAMS 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 1/3/2023

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

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