



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF UNION CITY  
DARKE COUNTY

DECEMBER 31, 2022 AND 2021

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**INDEPENDENT AUDITOR'S REPORT**

Village of Union City  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

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 Union City, Darke 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, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

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

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

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

***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 February 21, 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

February 21, 2024

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**Village of Union City, Ohio**  
*Darke County*

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Combined Total</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$83,839	\$37,681	\$0	\$0	\$121,520
Municipal Income Tax	298,966	0	0	0	298,966
Intergovernmental	162,323	200,258	0	45,748	408,329
Charges for Services	104,678	305,177	0	0	409,855
Fines, Licenses and Permits	9,295	0	0	0	9,295
Earnings on Investments	1,158	156	0	0	1,314
Miscellaneous	906	7,115	0	0	8,021
Total Cash Receipts	<u>661,165</u>	<u>550,387</u>	<u>0</u>	<u>45,748</u>	<u>1,257,300</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of Persons and Property	346,081	369,952	0	0	716,033
Public Health Services	4,296	0	0	0	4,296
Basic Utility Services	76,046	0	0	0	76,046
Transportation	63,202	116,358	0	0	179,560
General Government	117,535	1,265	0	0	118,800
Capital Outlay	0	0	0	65,785	65,785
<b>Debt Service:</b>					
Principal Retirement	0	0	18,177	0	18,177
Total Cash Disbursements	<u>607,160</u>	<u>487,575</u>	<u>18,177</u>	<u>65,785</u>	<u>1,178,697</u>
Excess of Receipts Over (Under) Disbursements	<u>54,005</u>	<u>62,812</u>	<u>(18,177)</u>	<u>(20,037)</u>	<u>78,603</u>
<b>Other Financing Receipts (Disbursements):</b>					
Transfers In	0	15,000	18,177	0	33,177
Transfers Out	(33,177)	0	0	0	(33,177)
Other Financing Sources	4,185	0	0	0	4,185
Other Financing Uses	(1,320)	(6,330)	0	0	(7,650)
Total Other Financing Receipts (Disbursements)	<u>(30,312)</u>	<u>8,670</u>	<u>18,177</u>	<u>0</u>	<u>(3,465)</u>
Net Change in Fund Cash Balances	23,693	71,482	0	(20,037)	75,138
Fund Cash Balances, January 1	<u>454,302</u>	<u>358,443</u>	<u>0</u>	<u>22,971</u>	<u>835,716</u>
Fund Cash Balances, December 31	<u>\$477,995</u>	<u>\$429,925</u>	<u>\$0</u>	<u>\$2,934</u>	<u>\$910,854</u>

*See accompanying notes to the basic financial statements.*

**Village of Union City, Ohio**  
Darke County

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2022*

	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$487,156
Fines, Licenses and Permits	36,923
Miscellaneous	6,907
	530,986
<b>Operating Cash Disbursements:</b>	
Personal Services	185,868
Transportation	11
Contractual Services	148,979
Supplies and Materials	76,191
	411,049
<i>Total Operating Cash Receipts</i>	<i>530,986</i>
<i>Total Operating Cash Disbursements</i>	<i>411,049</i>
<i>Operating Income (Loss)</i>	<i>119,937</i>
<b>Non-Operating Receipts (Disbursements):</b>	
Miscellaneous Receipts	18,788
Intergovernmental Receipts	(24)
Capital Outlay	(19,350)
Sale of Fixed Assets	95
Principal Retirement	(10,402)
Other Financing Uses	(74)
	(10,967)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(10,967)</i>
<i>Net Change in Fund Cash Balances</i>	<i>108,970</i>
<i>Fund Cash Balances, January 1</i>	<i>1,369,192</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,478,162</i>

*See accompanying notes to the basic financial statements.*

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Union City (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection, rescue services, street services and police services.

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

The Village participates in a public entity risk pool for liability insurance and worker's compensation. Notes 6 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fire and Rescue Fund*** The fire and rescue fund accounts for and reports charges for services and contractual payments restricted for provided fire and EMS run services.

***Police Levy Fund*** The police levy fund accounts for the portion of property taxes restricted to support the Village Police Department.

***Cares Act Fund*** The fund was established in 2020 to provide financial assistance to fight the COVID-19 pandemic.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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:

***General Obligation Bond Retirement Fund*** The general obligation bond retirement fund accounts for the accumulation of resources for the payment of bond and note indebtedness.

***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:

***Grant Construction Fund*** The grant construction fund accounts for grant awards restricted for construction and infrastructure within the Village.

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

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

***Budgetary Process***

The Ohio Revised Code requires that each funds to 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.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village funds are pooled together in checking accounts and certificates of deposits with local commercial banks.

***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 Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**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, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$624,623	\$665,350	\$40,727
Special Revenue	604,229	565,387	(38,842)
Debt Service	18,177	18,177	0
Capital Projects	200,000	45,748	(154,252)
Enterprise	538,983	549,869	10,886
Total	<u>\$1,986,012</u>	<u>\$1,844,531</u>	<u>(\$141,481)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,113,271	\$641,657	\$471,614
Special Revenue	961,520	493,905	467,615
Debt Service	18,177	18,177	0
Capital Projects	222,971	65,785	157,186
Enterprise	1,931,597	440,899	1,490,698
Total	<u>\$4,247,536</u>	<u>\$1,660,423</u>	<u>\$2,587,113</u>

**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. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,168,545
Certificates of deposit	220,471
Total carrying amount of deposits and investments held in the Pool	\$2,389,016
 <b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Payroll Clearing Account	24,278
Total Outside Accounts	\$24,278
 Total Deposits and Investments	 \$2,413,294

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

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Income Taxes***

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

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

**Note 6 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property;
- Equipment breakdown.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479



**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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, 2022.

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

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

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

***Social Security***

Several 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. The Village has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients.

The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC Loan Elm Street	\$103,614	0%
OPWC Loan North Street	94,497	0%
OPWC Loan Water Tower	36,407	0%
Total	\$234,518	

The Elm Street loan was issued for improvements to Elm Street within the Village; the interest free loan was financed through the Ohio Public Works Commission and matures on July 1, 2029. The loan is being repaid in semi-annual installments of \$7,401.

The Water Tower loan was issued for the construction of a new water tower; the interest free loan was financed through the Ohio Public Works Commission and matures on January 1, 2025. The loan is being repaid in semi-annual installments of \$5,201.

The North Street loan was issued for improvements to North Street within the Village; the interest free loan was financed through the Ohio Public Works Commission and matures on July 1, 2050. The loan is being repaid in semi-annual installments of \$1,687.

***Amortization***

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Water Tower	OPWC Elm Street	OPWC North Street
2023	\$10,402	\$14,802	\$3,375
2024	10,402	14,802	3,375
2025	10,402	14,802	3,375
2026	5,201	14,802	3,375
2027		14,802	3,375
2028-2032		29,604	16,874
2033-2037			16,874
2038-2042			16,874
2043-2047			16,874
2048-2050			10,126
Total	\$36,407	\$103,614	\$94,497

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village did not have nonspendable fund balances or outstanding encumbrances at year end.

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

**Note 13 – Subsequent Event**

In December 2023 the Village signed a bank loan for \$156,425 for a new ambulance.

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**Village of Union City, Ohio**  
Darke 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	Combined Total
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$96,472	\$40,558	\$0	\$0	\$137,030
Municipal Income Tax	280,297	0	0	0	280,297
Intergovernmental	120,860	205,643	0	470,227	796,730
Charges for Services	86,273	293,222	0	0	379,495
Fines, Licenses and Permits	9,082	0	0	0	9,082
Earnings on Investments	1,066	34	0	0	1,100
Miscellaneous	12,127	25,966	0	0	38,093
<i>Total Cash Receipts</i>	<u>606,177</u>	<u>565,423</u>	<u>0</u>	<u>470,227</u>	<u>1,641,827</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	334,413	342,725	0	0	677,138
Public Health Services	4,233	0	0	0	4,233
Basic Utility Services	74,787	0	0	0	74,787
Transportation	46,057	86,746	0	0	132,803
General Government	117,070	26,846	0	0	143,916
Capital Outlay	12,458	69,801	0	552,578	634,837
Debt Service:					
Principal Retirement	0	20,222	18,177	0	38,399
Interest and Fiscal Charges	0	283	0	0	283
<i>Total Cash Disbursements</i>	<u>589,018</u>	<u>546,623</u>	<u>18,177</u>	<u>552,578</u>	<u>1,706,396</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,159</u>	<u>18,800</u>	<u>(18,177)</u>	<u>(82,351)</u>	<u>(64,569)</u>
<b>Other Financing Receipts (Disbursements):</b>					
Sale of Notes	0	2,729	0	0	2,729
Sale of Fixed Assets	2,188	2,188	0	0	4,376
Transfers In	0	0	18,177	0	18,177
Transfers Out	(18,177)	0	0	0	(18,177)
Advances In	0	2,822	0	0	2,822
Advances Out	(2,822)	0	0	0	(2,822)
Other Financing Sources	542	0	0	0	542
Other Financing Uses	(69)	(611)	0	0	(680)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(18,338)</u>	<u>7,128</u>	<u>18,177</u>	<u>0</u>	<u>6,967</u>
<i>Net Change in Fund Cash Balances</i>	(1,179)	25,928	0	(82,351)	(57,602)
<i>Fund Cash Balances, January 1</i>	<u>455,481</u>	<u>332,515</u>	<u>0</u>	<u>105,322</u>	<u>893,318</u>
<i>Fund Cash Balances, December 31</i>	<u>\$454,302</u>	<u>\$358,443</u>	<u>\$0</u>	<u>\$22,971</u>	<u>\$835,716</u>

See accompanying notes to the basic financial statements.

**Village of Union City, Ohio**  
Darke County

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2021*

	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$482,641
Fines, Licenses and Permits	36,770
Miscellaneous	8,561
<i>Total Operating Cash Receipts</i>	<i>527,972</i>
<b>Operating Cash Disbursements:</b>	
Personal Services	149,107
Contractual Services	146,723
Supplies and Materials	63,480
<i>Total Operating Cash Disbursements</i>	<i>359,310</i>
<i>Operating Income (Loss)</i>	<i>168,662</i>
<b>Non-Operating Receipts (Disbursements):</b>	
Miscellaneous Receipts	31,542
Capital Outlay	(21,373)
Sale of Fixed Assets	2,188
Principal Retirement	(10,402)
Other Financing Uses	(59)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>1,896</i>
<i>Net Change in Fund Cash Balances</i>	<i>170,558</i>
<i>Fund Cash Balances, January 1</i>	<i>1,198,634</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,369,192</i>

*See accompanying notes to the basic financial statements.*

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Union City (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection, rescue services, street services and police services.

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

The Village participates in a public entity risk pool for liability insurance and worker's compensation. Notes 7 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fire and Rescue Fund*** The fire and rescue fund accounts for and reports charges for services and contractual payments restricted for provided fire and EMS run services.

***Police Levy Fund*** The police levy fund accounts for the portion of property taxes restricted to support the Village Police Department.

***Cares Act Fund*** The fund was established in 2020 to provide financial assistance to fight the COVID-19 pandemic.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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:

**General Obligation Bond Retirement Fund** The general obligation bond retirement fund accounts for the accumulation of resources for the payment of bond and note indebtedness.

**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:

**Grant Construction Fund** The grant construction fund accounts for grant awards restricted for construction and infrastructure within the Village.

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

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

***Budgetary Process***

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

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

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



**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

The Village funds are pooled together in checking accounts and certificates of deposits with local commercial banks.

**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 Union City, Ohio**  
*Darke 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 13.

**Note 3 – Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$614,903	\$608,907	(\$5,996)
Special Revenue	504,254	573,162	68,908
Debt Service	18,177	18,177	0
Capital Projects	300,000	470,227	170,227
Enterprise	487,885	561,702	73,817
<b>Total</b>	<b>\$1,925,219</b>	<b>\$2,232,175</b>	<b>\$306,956</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,072,891	\$641,925	\$430,966
Special Revenue	834,257	555,367	278,890
Debt Service	18,177	18,177	0
Capital Projects	405,322	552,578	(147,256)
Enterprise	1,686,518	402,575	1,283,943
<b>Total</b>	<b>\$4,017,165</b>	<b>\$2,170,622</b>	<b>\$1,846,543</b>

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,984,437
Certificates of deposit	220,471
Total carrying amount of deposits and investments held in the Pool	\$2,204,908
 <b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Payroll Clearing Account	13,432
Total Outside Accounts	\$13,432
 Total Deposits and Investments	 \$2,218,340

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

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Income Taxes***

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

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

**Note 6 – Interfund Balances**

Outstanding advances at December 31, 2021, consisted of \$8,000 advanced to the Fire/Rescue Fund to provide working capital for operations or projects.

**Note 7 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability;
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property;
- Equipment breakdown.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

***Social Security***

Several 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. 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.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

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

	Principal	Interest Rate
OPWC Loan Elm Street	\$118,416	0%
OPWC Loan North Street	97,872	0%
OPWC Loan Water Tower	46,809	0%
Total	\$263,097	

The Elm Street loan was issued for improvements to Elm Street within the Village; the interest free loan was financed through the Ohio Public Works Commission and matures on July 1, 2029. The loan is being repaid in semi-annual installments of \$7,401.

The Water Tower loan was issued for the construction of a new water tower; the interest free loan was financed through the Ohio Public Works Commission and matures on January 1, 2025. The loan is being repaid in semi-annual installments of \$5,201.

The North Street loan was issued for improvements to North Street within the Village; the interest free loan was financed through the Ohio Public Works Commission and matures on July 1, 2050. The loan is being repaid in semi-annual installments of \$1,687.

***Amortization***

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Water Tower	OPWC Elm Street	OPWC North Street
2022	\$10,402	\$14,802	\$3,375
2023	10,402	14,802	3,375
2024	10,402	14,802	3,375
2025	10,402	14,802	3,375
2026	5,201	14,802	3,375
2027-2031		44,406	16,875
2032-2036			16,875
2037-2041			16,875
2042-2046			16,875
2047-2050			13,497
Total	\$46,809	\$118,416	\$97,872

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

**Village of Union City, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	31,839	8,133	39,972
<i>Total</i>	<i>\$31,839</i>	<i>\$8,133</i>	<i>\$39,972</i>

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

**Note 14 – Subsequent Event**

In December 2023 the Village signed a bank loan for \$156,425 for a new ambulance.

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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 Union City  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Union City, Darke County, (the Village) and have issued our report thereon dated February 21, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 2022-001, 2022-002, 2022-003, and 2022-004 that we consider to be material weaknesses.

***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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-003.

***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

February 21, 2024

**VILLAGE OF UNION CITY  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness – Bank Reconciliations**

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 Council is responsible for reviewing the reconciliations and related support.

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between bank accounts and the accounting system provide reasonable assurance that all receipts and disbursements have been recorded in the accounting system and have been posted by the Village's bank. We noted the following:

- The Village did not complete a bank to book reconciliation of its payroll account since June 2021. As such, reconciliations could not be provided to Council for their review and approval. The payroll bank statements were provided for Council review.
- The Village completed bank to book reconciliations of its checking account for each month during the audit period. However, from July 2021 through December 2022 the Fiscal Officer did not compare the reconciled bank balance to the Village book balance during the month end reconciliation process. As such the Village's monthly bank reconciliations from the period June 2021 through December 2022 contained errors that caused the Village's book balance to exceed the reconciled bank balance by \$8,486.67 at December 31, 2021 and \$12,341.30 at December 31, 2022. In the Village's minutes, there is no indication that the Council was reviewing and approving bank reconciliations for the operating account, and only reviewed the monthly bank statements.
- The Village's December 31, 2022 outstanding check list contained transactions that could not be traced to accounting system reports. The total of these transactions was \$55,985.77. The December 31, 2022 outstanding check list also contained duplicate checks (total of \$9,173.99). It was also noted that the Village's outstanding check lists for both years contained checks that had already cleared the bank and should not have been included in the outstanding check lists (\$8,198.60 at December 31, 2021; \$420.99 at December 31, 2022).
- A motor vehicle license tax receipt for \$1,065.80 was direct deposited to the Village's bank account on December 19, 2022; however, the amount was not recorded in the accounting system nor identified as a reconciling item on the year end cash reconciliation.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on reconciliations to make sound financial decisions. Lack of oversight of the Village's reconciliation process could increase the chances of fraud, theft, error or omissions going unidentified. Failure to properly reconcile and resolve the variances noted above could result in the Village being declared unauditible in the future.

**FINDING NUMBER 2022-001  
(Continued)**

The Village should implement procedures to verify that bank reconciliations are prepared promptly and accurately. The reconciliation should balance all bank accounts with total fund balances on the Village's accounting system. Additionally, the monthly bank reconciliations for all Village accounts should be provided to Council for review and approval. Council review and approval of the reconciliations should be documented in the minutes. Adjustments to bank reconciliations should be documented and any unexplained differences should be investigated and resolved immediately.

**Officials' Response:**

Officials did not provide a response to this finding.

**FINDING NUMBER 2022-002**

**Material Weakness – Financial Statement Errors**

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 Village did not have procedures in place to accurately post financial transactions to the accounting system. The Village's financial statements for 2021 and 2022 contained errors which resulted in reclassification and adjustments to correctly report the financial activity during the audit period as follows:

- In 2021 the Village improperly recorded property tax receipts, resulting in an understatement of property tax receipts and an overstatement of miscellaneous receipts in the amount of \$46,721 in the General Fund.
- In 2021 and 2022 the Village did not record a memo receipt and expenditure for an Ohio Water Development Authority on-behalf payment, resulting in the understatement of intergovernmental revenue and capital outlay expenditures of \$84,974 and \$7,530, respectively, in the Capital Projects Fund.
- In 2021 and 2022 the Village did not record a memo receipt and expenditure for participation in the Community Development Block Grant Detention Pond Project with Darke County, resulting in the understatement of intergovernmental revenue and capital outlay expenditures of \$232,181 and \$35,000, respectively, in the Capital Projects Fund.

The Village's financial statements for 2021 and 2022 also contained immaterial errors which did not require reclassifications or adjustments as follows:

- In 2021 the Village improperly recorded permissive sales tax, resulting in an overstatement of miscellaneous receipts and cash fund balance in the General Fund, in the amount of \$3,630, and an understatement of intergovernmental revenue receipts, property and other local taxes, and fund balance for the Permissive Tax Fund-Special Revenue, in the amounts of \$1,210, \$2,420, and \$3,630, respectively.
- In 2021 the Village improperly recorded the Village levied portion of permissive sales tax resulting in an overstatement of intergovernmental revenue and understatement of property and other local taxes in the amount of \$5,150 in the Permissive Tax Fund-Special Revenue.

**FINDING NUMBER 2022-002  
(Continued)**

- In 2022 the Village improperly recorded permissive sales tax, resulting in an overstatement of intergovernmental revenue receipts and cash fund balance in the Street Fund-Special Revenue, in the amount of \$1,031, and an understatement of intergovernmental revenue receipts, property and other local taxes, and fund balance for the Permissive Tax Fund-Special Revenue, in the amounts of \$344, \$687, and \$1,031, respectively.
- In 2022 the Village improperly recorded the Village levied portion of permissive sales tax resulting in an overstatement of intergovernmental revenue and understatement of property and other local taxes in the amount of \$6,468 in the Permissive Tax Fund-Special Revenue.
- In 2021 the Village improperly recorded income tax receipts, resulting in an understatement of income tax receipts and an overstatement of property tax receipts in the amount of \$16,500 in the General Fund.
- In 2021 the Village improperly recorded golf cart inspection fees and other various fee type receipts totaling \$3,883 as charges for services instead of fines, license, and permits in the General Fund.
- In 2022 the Village improperly recorded reimbursement receipts totaling \$5,614 as charges for services instead of miscellaneous revenue in the General Fund.
- In 2022 the Village improperly recorded farm rent, resulting in an understatement of miscellaneous revenue receipts and cash fund balance for the Sewer Fund-Enterprise and an overstatement of charges for services and cash fund balance for the General Fund in the amount of \$16,074.
- In 2022 the Village improperly recorded property taxes for the police levy fund in the General Fund, resulting in General Fund property taxes and fund balance being overstated and Police Fund-Special Revenue Fund property taxes and fund balance to be understated by \$2,824.

Failure to properly record financial activity could lead to material financial statement errors and misleading financial statement information. Policies and procedures should be developed and implemented to verify that all financial activity is recorded correctly.

**Officials' Response:**

Officials did not provide a response to this finding.

**FINDING NUMBER 2022-003**

**Material Weakness/Noncompliance – Improper Transfer**

Ohio Rev. Code § 5705.14 states no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise. Exceptions to this are specified in Ohio Rev. Code 5705.14 (A) through (H). Ohio Rev. Code §§5705.15 and .16 indicates that in addition to the transfers Ohio Rev. Code §5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the tax commissioner may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of

- loans;
- bond issues;
- special levies for the payment of loans or bond issues;
- proceeds or balances of any license fees imposed by law for a specified purpose; and
- proceeds or balances of funds derived from any excise tax levied by law for a specified purpose.

**FINDING NUMBER 2022-003  
(Continued)**

In 2022 the Village transferred \$237,488 from the Cares Act Fund to the Fire/Rescue Fund. This transfer is not allowable per Ohio Revised Code. Adjustments were made to the accompanying financial statements; however, no adjustments to the accounting system were required. The Village should review section 5705.14 of the Revised Code to prevent unallowable transfers in future. The Village should also review the guidance in Auditor of State Bulletin 2021-004 'Separate Accountability for Federal Programs Authorized by the American Rescue Plan Act of 2021' for the proper recording of COVID grant monies.

**Officials' Response:**

Officials did not provide a response to this finding.

**FINDING NUMBER 2022-004**

**Material Weakness – Utility Receipts**

During testing of utility receipts, we identified the following issues:

- Council does not review or approve non-cash adjustments made to utility bills. The Village does not have a policy governing non-cash adjustments.
- A variance for one of sixty-eight customers tested in 2021 for the amount charged by the Village for utility services and the recalculated amount per Council approved rates could not be determined.
- Ordinance 2004-41 established the Water Improvement and Maintenance Program by establishing a rate of \$5 per month that will be collected in addition to utility bills. The revenue collected is earmarked for water department improvement and maintenance projects with the first \$10,000 earmarked annually for debt service payments toward the Commerce Park Water Tower debt until the debt is paid in full. After which the funds collected shall be used for water department improvement and maintenance projects. In 2021 and 2022, the Village recorded the Water Improvement and Maintenance Fee as Charges for Services in the Water Fund. The Village made principal payments of \$5,201 from the Water Fund toward the Commerce Park Water Tower debt during 2022 and 2021, in accordance with the approved ordinance. However, the Village did not maintain documentation to support that the Water Improvement and Maintenance program fees were earmarked; therefore, we were unable to determine if the remaining revenue collected was being used for water department improvement and maintenance projects in accordance with the approved ordinance.

Council should adopt a policy governing non-cash adjustments. Likewise, Council should review and approve non-cash adjustments. Additionally, Council should implement policies and procedures to verify that utility customers are being charged in accordance with approved ordinances. Council should review the requirements of Ordinance 2004-41 to verify that the water improvement and maintenance fee is being utilized for authorized purposes. Failure to do so could lead to errors and/or irregularities going undetected for a significant period of time, which could result in uncollected revenues, and possible findings for recovery or findings for adjustments in future audits.

**Officials' Response:**

Officials did not provide a response to this finding.



# THE VILLAGE OF UNION CITY, OHIO

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	The Village's financial statements included numerous errors	Partially Corrected	Re-issued as Finding 2022-002, the Fiscal Officer will make every attempt to provide accurate financial statements for subsequent years

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF UNION CITY**

**DARKE 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 3/26/2024**

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

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[www.ohioauditor.gov](http://www.ohioauditor.gov)