



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF UNION CITY
DARKE COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Union City, Darke County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Notes 15 and 12 to the fiscal year 2020 and 2019 financial statements, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$82,204	\$40,248			\$122,452
Municipal Income Tax	295,220				295,220
Intergovernmental	93,851	348,912		\$1,107,716	1,550,479
Charges for Services	91,896	247,504			339,400
Fines, Licenses and Permits	130	10,735			10,865
Earnings on Investments	1,895	106			2,001
Miscellaneous	4,320	100,080			104,400
<i>Total Cash Receipts</i>	<u>569,516</u>	<u>747,585</u>		<u>1,107,716</u>	<u>2,424,817</u>
Cash Disbursements					
Current:					
Security of Persons and Property	239,447	322,860			562,307
Public Health Services	4,170	128,897			133,067
Leisure Time Activities	8				8
Community Environment	41				41
Basic Utility Services	74,196				74,196
Transportation	108,106	65,231		859,418	1,032,755
General Government	170,144				170,144
Capital Outlay				341,088	341,088
Debt Service:					
Principal Retirement		23,722	\$7,401		31,123
Payment to Refunded Bond Escrow Agent		10,400			10,400
Interest and Fiscal Charges		878			878
<i>Total Cash Disbursements</i>	<u>596,112</u>	<u>551,988</u>	<u>7,401</u>	<u>1,200,506</u>	<u>2,356,007</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,596)</u>	<u>195,597</u>	<u>(7,401)</u>	<u>(92,790)</u>	<u>68,810</u>
Other Financing Receipts (Disbursements)					
Loans Issued				101,246	101,246
Transfers In			7,401		7,401
Transfers Out	(7,401)				(7,401)
Advances In		8,000			8,000
Advances Out	(8,000)				(8,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,401)</u>	<u>8,000</u>	<u>7,401</u>	<u>101,246</u>	<u>101,246</u>
<i>Net Change in Fund Cash Balances</i>	(41,997)	203,597	0	8,456	170,056
<i>Fund Cash Balances, January 1</i>	<u>499,985</u>	<u>126,412</u>		<u>96,866</u>	<u>723,263</u>
<i>Fund Cash Balances, December 31</i>	<u>\$457,988</u>	<u>\$330,009</u>	<u>\$0</u>	<u>\$105,322</u>	<u>\$893,319</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, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$497,023
Miscellaneous	34,753
<i>Total Operating Cash Receipts</i>	531,776
Operating Cash Disbursements	
Personal Services	85,487
Employee Fringe Benefits	46,215
Contractual Services	200,608
Supplies and Materials	42,661
Other	43,349
<i>Total Operating Cash Disbursements</i>	418,320
<i>Operating Income (Loss)</i>	113,456
Non-Operating Receipts (Disbursements)	
Principal Retirement	(5,201)
<i>Total Non-Operating Receipts (Disbursements)</i>	(5,201)
<i>Net Change in Fund Cash Balances</i>	108,255
<i>Fund Cash Balances, January 1</i>	1,090,379
<i>Fund Cash Balances, December 31</i>	\$1,198,634

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, 2020

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 public entity risk pools for liability insurance and worker's compensation. Notes 7 and 14 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 Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Police Levy Fund The police levy fund accounts for that 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, 2020

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 projects.

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. The fund receives charges for services revenue from customers to cover the cost of providing those services.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. The fund receives charges for services revenue from customers to cover the cost of providing those services.

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, 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, 2020

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 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.

The Villages funds are pooled together in checking accounts and certificates of deposit 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.

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*. 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, 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.

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	\$587,191	\$569,516	(\$17,675)
Special Revenue	738,224	755,585	17,361
Debt Service	14,802	7,401	(7,401)
Capital Projects	1,627,000	1,208,962	(418,038)
Enterprise	491,217	531,776	40,559
Total	\$3,458,434	\$3,073,240	(\$385,194)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,087,175	\$611,513	\$475,662
Special Revenue	864,631	551,988	312,643
Debt Service	14,802	7,401	7,401
Capital Projects	1,723,866	1,200,506	523,360
Enterprise	1,581,595	423,521	1,158,074
Total	\$5,272,069	\$2,794,929	\$2,477,140

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village's deposit are as follows:

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$1,871,482
Certificates of deposit	220,471
Total deposits	\$2,091,953
 <i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account	5,577
Total Outside Accounts	\$5,577

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.

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.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$8,000 advanced to the Fire and Rescue Operations Fund to provide working capital for operations or projects.

Note 7 – Risk Management

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 of Union City’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 assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

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 full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 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:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan - Water Tower	\$57,211	0.00%
OPWC Loan - Elm Street	133,218	0.00%
First Financial Ambulance Loan	20,257	2.60%
OPWC Loan - North Street	101,246	0.00%
Total	\$311,932	

The Water System Improvement 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 July 1, 2025. The loan is being repaid in semi-annual installments of \$5,201.

The Elm Street Reconstruction 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 January 1, 2029. The loan is being repaid in semi-annual installments of \$7,401.

The Main Source Ambulance loan financed the acquisition of a new 2016 Medix 150 in October 2016 for \$115,000. The note is being repaid in monthly installments and will mature in October 2021.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The North Street Reconstruction 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, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan Water Tower	OPWC Loan Elm Street	First Financial Ambulance Loan	OPWC Loan North Street
2021	\$10,402	\$14,802	\$20,500	\$3,375
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
2026-2030	5,201	59,208		16,875
2031-2035				16,875
2036-2040				16,875
2041-2045				16,875
2046-2050				16,871
Total	<u>\$57,211</u>	<u>\$133,218</u>	<u>\$20,500</u>	<u>\$101,246</u>

Note 11 – Construction and Contractual Commitments

The Sanitary Sewer Rehabilitation Project Phase 5 commenced in 2020 with funding through the EPA up to \$625,000 in grant monies with no match from the Village. The project will conclude in 2021. Mote and Associates are the engineers for the project.

Note 12 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

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 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 un-expendable 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 non-spendable fund balances or outstanding encumbrances at year end.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 14 – 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 15 – 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. 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.

During 2020, the Village received CARES Act funding of \$224,913 as an on-behalf of grant from another government. This amount is recorded in the Cares Act Special Revenue Fund.

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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, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$78,781	\$40,607			\$119,388
Municipal Income Tax	258,178				258,178
Intergovernmental	88,173	270,029		\$157,872	516,074
Charges for Services	107,047	249,882			356,929
Fines, Licenses and Permits	850				850
Earnings on Investments	2,785	119			2,904
Miscellaneous	4,683	7,588			12,271
<i>Total Cash Receipts</i>	<u>540,497</u>	<u>568,225</u>		<u>157,872</u>	<u>1,266,594</u>
Cash Disbursements					
Current:					
Security of Persons and Property	198,030	510,829			708,859
Public Health Services	4,108				4,108
Leisure Time Activities	590				590
Basic Utility Services	72,240				72,240
Transportation	38,539	66,953			105,492
General Government	109,061				109,061
Capital Outlay				239,766	239,766
Debt Service:					
Principal Retirement		23,109	\$14,802		37,911
Payment to Refunded Bond Escrow Agent		1,000			1,000
Interest and Fiscal Charges		1,491			1,491
<i>Total Cash Disbursements</i>	<u>422,568</u>	<u>603,382</u>	<u>14,802</u>	<u>239,766</u>	<u>1,280,518</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>117,929</u>	<u>(35,157)</u>	<u>(14,802)</u>	<u>(81,894)</u>	<u>(13,924)</u>
Other Financing Receipts (Disbursements)					
Transfers In			14,802		14,802
Transfers Out	(14,802)				(14,802)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(14,802)</u>	<u>0</u>	<u>14,802</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	103,127	(35,157)	0	(81,894)	(13,924)
<i>Fund Cash Balances, January 1</i>	<u>396,858</u>	<u>161,569</u>	<u>0</u>	<u>178,760</u>	<u>737,187</u>
Fund Cash Balances, December 31					
Restricted		126,412		96,866	223,278
Assigned	499,984				499,984
Unassigned (Deficit)	1				1
<i>Fund Cash Balances, December 31</i>	<u>\$499,985</u>	<u>\$126,412</u>	<u>\$0</u>	<u>\$96,866</u>	<u>\$723,263</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)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	<u>Only</u>
Operating Cash Receipts			
Charges for Services	\$466,477		\$466,477
Miscellaneous	30,511		30,511
<i>Total Operating Cash Receipts</i>	<u>496,988</u>	<u>0</u>	<u>496,988</u>
Operating Cash Disbursements			
Personal Services	89,167		89,167
Employee Fringe Benefits	42,154		42,154
Contractual Services	220,093		220,093
Supplies and Materials	17,598		17,598
Other	35,427	719	36,146
<i>Total Operating Cash Disbursements</i>	<u>404,439</u>	<u>719</u>	<u>405,158</u>
<i>Operating Income (Loss)</i>	<u>92,549</u>	<u>(719)</u>	<u>91,830</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(10,402)		(10,402)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(10,402)</u>	<u>0</u>	<u>(10,402)</u>
<i>Net Change in Fund Cash Balances</i>	82,147	(719)	81,428
<i>Fund Cash Balances, January 1</i>	<u>1,008,232</u>	<u>719</u>	<u>1,008,951</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,090,379</u>	<u>\$0</u>	<u>\$1,090,379</u>

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, 2019

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. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

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 Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 projects.

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. The fund receives charges for services revenue from customers to cover the cost of providing those services.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. The fund receives charges for services revenue from customers to cover the cost of providing those services.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for Mayor's Court activity.

Mayor's Court The mayor's court fund accounts for monies collected for fines imposed for tickets issued by the Village's police protection force. In part, funds collected are on behalf of the State of Ohio. In addition, funds are used in part for safety programs, computerization and general Village operations.

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.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

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

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

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

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

A summary of 2019 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 Villages funds are pooled together in checking accounts and certificates of deposit 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:

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

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

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represented intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$495,038	\$540,497	\$45,459
Special Revenue	574,897	568,225	(6,672)
Debt Service	15,000	14,802	(198)
Capital Projects	550,000	157,872	(392,128)
Enterprise	485,256	496,988	11,732
Total	\$2,120,191	\$1,778,384	(\$341,807)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$891,895	\$437,370	\$454,525
Special Revenue	736,462	603,382	133,080
Debt Service	15,000	14,802	198
Capital Projects	728,759	239,766	488,993
Enterprise	1,493,488	414,841	1,078,647
Total	\$3,865,604	\$1,710,161	\$2,155,443

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits

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

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$1,593,171
Certificate of deposit	220,471
Total deposits	\$1,813,642

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.

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.

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

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 of Union City’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 assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

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, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% percent of their wages. The Village contributed to OP&F an amount equal to 19.5% percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

Social Security

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

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. 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 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
OPWC Loan - Water Tower	\$62,412	0.00%
OPWC Loan - Elm Street	140,619	0.00%
First Financial Ambulance Loan	43,980	2.60%
Total	\$247,011	

The Water System Improvement 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 July 1, 2025. The loan is being repaid in semi-annual installments of \$5,201.

The Elm Street Reconstruction 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 January 1, 2029. The loan is being repaid in semi-annual installments of \$7,401.

The Main Source Ambulance loan financed the acquisition of a new 2016 Medix 150 in October 2016 for \$115,000. The note is being repaid in monthly installments and will mature in October 2021.

Amortization

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

Village of Union City, Ohio
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Year Ending December 31:	OPWC Loan Water Tower	OPWC Loan Elm Street	First Financial Ambulance Loan
2020	\$10,402	\$14,802	\$24,600
2021	10,402	14,802	20,500
2022	10,402	14,802	
2023	10,402	14,802	
2024	10,402	14,802	
2025-2029	10,402	66,609	
Total	\$62,412	\$140,619	\$45,100

Note 10 – Construction and Contractual Commitments

The Village had ongoing construction projects during 2019. Grant monies were received for the North Street Project from the County and State along with the Village contributing to the project cost. The project will conclude in 2020. The Sanitary Sewer Rehabilitation Project Phase 3 will commence in February 2020 with funding through the EPA up to \$625,000 in grant monies with no match from the Village. Mote and Associates are the engineers for both projects. The Village has contracted with Mote and Associates Engineering for construction of a new Water Treatment Plant within the next five years.

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

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 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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 any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of 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 and 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Union City, Darke County, (the Village) and have issued our report thereon dated January 14, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2022

**VILLAGE OF UNION CITY
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

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 2019 and 2020 contained errors which resulted in reclassification and adjustments to correctly report the financial activity during the audit period as follows:

- In 2019, the Village failed to report Mayor's Court activity as an Agency Fund on the financial statements which resulted in the Beginning Fund Balance and Other Disbursements being understated by \$719.
- Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 16 (GASB Codification 1800.176 - Fund Balance Reporting and Governmental Fund Type Definitions), states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. In addition, Auditor of State Bulletin 2011 004 states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund, as it is the only fund with a positive unassigned fund balance. At December 31, 2019, General Fund subsequent year appropriations in excess of estimated receipts, in the amount of \$499,984 were classified as Unassigned Fund Balance instead of Assigned Fund Balance.
- In 2020, Ohio Public Works Commission loan receipts of \$101,246 were incorrectly recorded as Intergovernmental Receipts instead of Loans Issued in the Grant Construction Fund (Capital Projects).
- In 2020, the Village incorrectly reported an Advance In as a Transfer In for the Rescue and Fire Fund (Special Revenue) in the amount of \$8,000.
- In 2019, the Village incorrectly posted local government fund distributions and cigarette tax in the total amount of \$64,015 in the General Fund to Property Taxes rather than Intergovernmental Revenue.
- In 2020, the Village incorrectly posted local government fund distributions and cigarette tax in the total amount of \$63,919 in the General Fund to Property Taxes rather than Intergovernmental Revenue.

The Village's financial statements for 2019 and 2020 also contained immaterial errors which did not require reclassifications or adjustments as follows:

- In 2019, Time Warner Franchise Fees and Golf Cart Inspections and Permits totaling \$9,699 was posted as Charges for Services in the General Fund. This amount should have been classified as Fines, Licenses, and Permits.
- In 2020, Time Warner Franchise Fee and Golf Cart Inspection Fees and Permits totaling \$9,639 was posted as Charges for Services in the General Fund. This amount should have been classified as Fines, Licenses, and Permits.

FINDING NUMBER 2020-001
(Continued)

- In 2020, insurance escrow disbursements of \$10,400 were incorrectly recorded as Payment to Refunded Bond Escrow Agent instead of Fiduciary Disbursements in the Fire Loss Security Fund (Special Revenue).
- In 2020, the Village incorrectly posted a FEMA grant in the amount of \$2,507 to the General Fund rather than the Fire Rescue Fund. The Village posted an adjustment to the accounting system.
- In 2019, the Village incorrectly posted \$7,265 of permissive motor vehicle tax receipts (Village levied portion) to Intergovernmental Revenue rather than Property Taxes for the Permissive Motor Vehicle Tax Fund (Special Revenue).
- In 2020, the Village incorrectly posted \$6,373 of permissive motor vehicle tax receipts (Village levied portion) to Intergovernmental Revenue rather than Property Taxes for the Permissive Motor Vehicle Tax Fund (Special Revenue).
- In 2020, the Village incorrectly posted a BWC dividend receipt for \$3,845 to Property Taxes rather than Miscellaneous Revenue in the General Fund.

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.



THE VILLAGE OF UNION CITY, OHIO

419 E. Elm Street

Union City, Ohio 45390

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	The Village's financial statements included numerous errors	Partially Corrected	Re-issued as Finding 2020-001, the Fiscal Officer will make every attempt to provide accurate financial statements for subsequent years
2018-002	Failure to monitor the processing of EMS billing and collections	Fully Corrected	
2018-003	Finding for recovery for public property converted or misappropriated	Fully Corrected	
2018-004	Finding for recovery for public property converted or misappropriated	Fully Corrected	
2018-005	Finding for recovery for public property converted or misappropriated	Partially Corrected	A repayment plan is in place.

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 2/3/2022

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