



OHIO AUDITOR OF STATE
KEITH FABER

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of West Unity, Williams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

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.

Village of West Unity
Williams County
Independent Auditor's Report
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- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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

December 4, 2024

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

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

| | General | Special Revenue | Debt Service | Capital Projects | Permanent | Combined Total |
|--|--------------------|------------------|----------------|------------------|-----------------|--------------------|
| Cash Receipts | | | | | | |
| Property and Other Local Taxes | \$142,548 | \$45,085 | | | | \$187,633 |
| Municipal Income Tax | 801,799 | | | \$400,900 | | 1,202,699 |
| Intergovernmental | 62,682 | 355,635 | | \$34,716 | | 953,033 |
| Special Assessments | 3,617 | | | | | 3,617 |
| Charges for Services | 60,000 | 390 | | | | 60,390 |
| Fines, Licenses and Permits | 3,940 | 16,416 | | | | 20,356 |
| Earnings on Investments | 245,666 | 20,129 | | | \$161 | 265,956 |
| Miscellaneous | 36,205 | 16,396 | | 43,361 | | 95,962 |
| <i>Total Cash Receipts</i> | <i>1,356,457</i> | <i>454,051</i> | | <i>978,977</i> | <i>161</i> | <i>2,789,646</i> |
| Cash Disbursements | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 511,680 | 40 | | | | 511,720 |
| Leisure Time Activities | | 24,738 | | | | 24,738 |
| Community Environment | 3,851 | | | | 248 | 4,099 |
| Basic Utility Services | 21,405 | 6,000 | | | | 27,405 |
| Transportation | | 102,297 | | | | 102,297 |
| General Government | 319,070 | 33,069 | | | | 352,139 |
| Capital Outlay | 2,524 | 220,990 | | 1,729,562 | | 1,953,076 |
| <i>Total Cash Disbursements</i> | <i>858,530</i> | <i>387,134</i> | | <i>1,729,562</i> | <i>248</i> | <i>2,975,474</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>497,927</i> | <i>66,917</i> | | <i>(750,585)</i> | <i>(87)</i> | <i>(185,828)</i> |
| Other Financing Receipts | | | | | | |
| Sale of Capital Assets | 3,463 | | | 5,768 | | 9,231 |
| <i>Net Change in Fund Cash Balances</i> | <i>501,390</i> | <i>66,917</i> | | <i>(744,817)</i> | <i>(87)</i> | <i>(176,597)</i> |
| <i>Fund Cash Balances, January 1</i> | <i>1,182,086</i> | <i>545,575</i> | <i>\$1,896</i> | <i>1,373,512</i> | <i>53,607</i> | <i>3,156,676</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$1,683,476</i> | <i>\$612,492</i> | <i>\$1,896</i> | <i>\$628,695</i> | <i>\$53,520</i> | <i>\$2,980,079</i> |

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

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

| | <u>Proprietary Fund Types</u> |
|---|-------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$706,735 |
| Fines, Licenses and Permits | 50 |
| Miscellaneous | <u>17,142</u> |
| <i>Total Operating Cash Receipts</i> | <u>723,927</u> |
| Operating Cash Disbursements | |
| Personal Services | 165,434 |
| Employee Fringe Benefits | 85,829 |
| Contractual Services | 115,382 |
| Supplies and Materials | 169,559 |
| Other | <u>7,565</u> |
| <i>Total Operating Cash Disbursements</i> | <u>543,769</u> |
| <i>Operating Income</i> | <u>180,158</u> |
| Non-Operating Receipts (Disbursements) | |
| Miscellaneous Receipts | 276 |
| Principal Retirement | (31,533) |
| Interest and Other Fiscal Charges | <u>(3,103)</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(34,360)</u> |
| <i>Net Change in Fund Cash Balances</i> | 145,798 |
| <i>Fund Cash Balances, January 1</i> | <u>1,942,414</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$2,088,212</u> |

See accompanying notes to the basic financial statements

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of West Unity, Williams County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with Brady Township to receive fire protection services.

Jointly Governed Organizations

The Village participates in a jointly governed organization. Note 13 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

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

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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 14.

Note 3 – Compliance

Contrary to Ohio law, grant monies received were not recorded in a special fund for the purpose for which the law prescribes.

Note 4 – Budgetary Activity

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

| Fund Type | 2023 Budgeted vs. Actual Receipts | | |
|------------------|-----------------------------------|---------------------------|-------------------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$930,000 | \$1,359,920 | \$429,920 |
| Special Revenue | 438,950 | 454,051 | 15,101 |
| Capital Projects | 1,200,000 | 984,745 | (215,255) |
| Permanent | 250 | 161 | (89) |
| Enterprise | 696,500 | 724,203 | 27,703 |
| Total | <u><u>\$3,265,700</u></u> | <u><u>\$3,523,080</u></u> | <u><u>\$257,380</u></u> |

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation | Budgetary | |
|------------------|--------------------|--------------------|------------------|
| | Authority | Expenditures | Variance |
| General | \$992,898 | \$871,362 | \$121,536 |
| Special Revenue | 617,606 | 387,877 | 229,729 |
| Capital Projects | 2,025,788 | 1,733,157 | 292,631 |
| Permanent | 300 | 248 | 52 |
| Enterprise | 869,450 | 604,437 | 265,013 |
| Total | \$4,506,042 | \$3,597,081 | \$908,961 |

Note 5 – Deposits and Investments

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

| | 2023 |
|--|--------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$5,014,691 |
| Certificates of deposit | 52,000 |
| Other time deposits (savings accounts) | 1,600 |
| Total deposits | \$5,068,291 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$21,369 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – 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.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Income Taxes

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

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

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

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

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

| | Principal | Interest Rate |
|---------------------------------------|-----------|---------------|
| Ohio Water Development Authority Loan | \$562,402 | 0.53% |

The Ohio Water Development Authority (OWDA) loan relates to an elevated water tower. The OWDA approved up to \$656,502 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$17,319, including interest, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

| Year Ending December 31: | OWDA Loan |
|-----------------------------|-------------------------|
| 2024 | \$34,638 |
| 2025 | 34,638 |
| 2026 | 34,638 |
| 2027 | 34,638 |
| 2028 | 34,638 |
| 2029-2033 | 173,190 |
| 2034-2038 | 173,190 |
| 2039-2041 | <u>69,278</u> |
| Total | <u><u>\$588,848</u></u> |

Note 11 – Construction and Contractual Commitments

On June 14, 2022, the Village accepted the bid of \$764,750 for the Jackson, Jefferson and Church Street Water Line Replacement Project, with change orders in 2023 adding an additional amount of \$262,869 for a total project amount of \$1,027,619. The Village paid \$674,232 and there were \$286,055 in on-behalf of payments in 2023, leaving a remaining balance of \$67,332.

Note 12 – Contingent Liabilities

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

Note 13 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$9,957.08 for income tax collection services.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 14 – Fund Balances

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

| Fund Balances | General | Special Revenue | Capital Projects | Permanent | Total |
|--------------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Nonspendable: | | | | | |
| Corpus | | | | \$51,959 | \$51,959 |
| Outstanding Encumbrances | \$12,832 | \$743 | \$3,595 | | 17,170 |
| <i>Total</i> | <i>\$12,832</i> | <i>\$743</i> | <i>\$3,595</i> | <i>\$51,959</i> | <i>\$69,129</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. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Miscellaneous Revenues

Special Revenue miscellaneous receipts primarily consisted of donations and reimbursements.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | General | Special Revenue | Debt Service | Capital Projects | Permanent | Combined Total |
|--|--------------------|------------------|----------------|--------------------|-----------------|--------------------|
| Cash Receipts | | | | | | |
| Property and Other Local Taxes | \$132,575 | \$43,713 | | | | \$176,288 |
| Municipal Income Tax | 604,279 | | | \$302,139 | | 906,418 |
| Intergovernmental | 70,816 | 230,980 | | | | 301,796 |
| Special Assessments | 2,340 | | | | | 2,340 |
| Charges for Services | 53,594 | 385 | | | | 53,979 |
| Fines, Licenses and Permits | 11,429 | 8,401 | | | | 19,830 |
| Earnings on Investments | 63,047 | 4,545 | | | \$105 | 67,697 |
| Miscellaneous | 19,562 | 7,642 | | 20,000 | | 47,204 |
| <i>Total Cash Receipts</i> | <i>957,642</i> | <i>295,666</i> | | <i>322,139</i> | <i>105</i> | <i>1,575,552</i> |
| Cash Disbursements | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 476,716 | 343 | | | | 477,059 |
| Public Health Services | | 37 | | | | 37 |
| Leisure Time Activities | | 18,853 | | | | 18,853 |
| Community Environment | 4,460 | | | | 200 | 4,660 |
| Basic Utility Services | 18,115 | 6,015 | | | | 24,130 |
| Transportation | | 124,669 | | | | 124,669 |
| General Government | 311,424 | 41,975 | | | | 353,399 |
| Capital Outlay | 3,804 | | | 256,349 | | 260,153 |
| <i>Total Cash Disbursements</i> | <i>814,519</i> | <i>191,892</i> | | <i>256,349</i> | <i>200</i> | <i>1,262,960</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>143,123</i> | <i>103,774</i> | | <i>65,790</i> | <i>(95)</i> | <i>312,592</i> |
| Other Financing Receipts | | | | | | |
| Sale of Capital Assets | 223 | | | | | 223 |
| <i>Net Change in Fund Cash Balances</i> | <i>143,346</i> | <i>103,774</i> | | <i>65,790</i> | <i>(95)</i> | <i>312,815</i> |
| <i>Fund Cash Balances, January 1</i> | <i>1,038,740</i> | <i>441,801</i> | <i>\$1,896</i> | <i>1,307,722</i> | <i>53,702</i> | <i>2,843,861</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$1,182,086</i> | <i>\$545,575</i> | <i>\$1,896</i> | <i>\$1,373,512</i> | <i>\$53,607</i> | <i>\$3,156,676</i> |

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | <u>Proprietary Fund Types</u> |
|---|-------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$721,390 |
| Fines, Licenses and Permits | 100 |
| Miscellaneous | <u>24,407</u> |
| <i>Total Operating Cash Receipts</i> | <u>745,897</u> |
| Operating Cash Disbursements | |
| Personal Services | 147,985 |
| Employee Fringe Benefits | 75,891 |
| Contractual Services | 110,154 |
| Supplies and Materials | 95,566 |
| Other | <u>5,122</u> |
| <i>Total Operating Cash Disbursements</i> | <u>434,718</u> |
| <i>Operating Income</i> | <u>311,179</u> |
| Non-Operating Receipts (Disbursements) | |
| Miscellaneous Receipts | 241 |
| Principal Retirement | (31,366) |
| Interest and Other Fiscal Charges | <u>(3,273)</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(34,398)</u> |
| <i>Net Change in Fund Cash Balances</i> | 276,781 |
| <i>Fund Cash Balances, January 1</i> | <u>1,665,633</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,942,414</u> |

See accompanying notes to the basic financial statements

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of West Unity, Williams County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with Brady Township to receive fire protection services.

Jointly Governed Organizations

The Village participates in a jointly governed organization. Note 12 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 level of control with salaries and benefits separately identified, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

A summary of 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.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 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 13.

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 | \$917,300 | \$957,865 | \$40,565 |
| Special Revenue | 299,671 | 295,666 | (4,005) |
| Capital Projects | 674,510 | 322,139 | (352,371) |
| Permanent | 250 | 105 | (145) |
| Enterprise | 674,425 | 746,138 | 71,713 |
| Total | \$2,566,156 | \$2,321,913 | (\$244,243) |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$951,727 | \$849,717 | \$102,010 |
| Special Revenue | 393,505 | 196,695 | 196,810 |
| Capital Projects | 1,593,400 | 256,349 | 1,337,051 |
| Permanent | 250 | 250 | 0 |
| Enterprise | 755,403 | 501,363 | 254,040 |
| Total | \$3,694,285 | \$1,804,374 | \$1,889,911 |

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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

| | <u>2022</u> |
|--|---------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$4,979,309 |
| Certificates of deposit | 52,000 |
| Other time deposits (savings accounts) | 67,781 |
| Total deposits | <u><u>\$5,099,090</u></u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$26,392 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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 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.

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

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

| | Principal | Interest Rate |
|---------------------------------------|-----------|---------------|
| Ohio Water Development Authority Loan | \$593,934 | 0.53% |

The Ohio Water Development Authority (OWDA) loan relates to an elevated water tower. The OWDA approved up to \$656,502 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$17,319, including interest, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

| Year Ending December 31: | OWDA Loan |
|-----------------------------|-------------------------|
| 2023 | \$34,638 |
| 2024 | 34,638 |
| 2025 | 34,638 |
| 2026 | 34,638 |
| 2027 | 34,638 |
| 2028-2032 | 173,190 |
| 2033-2037 | 173,190 |
| 2038-2041 | 103,914 |
| Total | <u><u>\$623,484</u></u> |

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Construction and Contractual Commitments

On June 14, 2022, the Village accepted the bid of \$764,750 for the Jackson, Jefferson and Church Street Water Line Replacement Project. No payments were made in 2022.

Note 11 – Contingent Liabilities

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

Note 12 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$9,903.55 for income tax collection services.

Note 13 – Fund Balances

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

| Fund Balances | Special | | | Total |
|--------------------------|-----------------|----------------|-----------------|-----------------|
| | General | Revenue | Permanent | |
| Nonspendable: | | | | |
| Corpus | | | \$51,959 | \$51,959 |
| Outstanding Encumbrances | \$35,198 | \$4,803 | 50 | 40,051 |
| <i>Total</i> | <u>\$35,198</u> | <u>\$4,803</u> | <u>\$52,009</u> | <u>\$92,010</u> |

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

Village of West Unity
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 15 – Miscellaneous Revenues

Capital Projects miscellaneous receipts was a donation made toward the Village's splash pad.



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2023 and 2022, and the related notes to the financial statements of the Village of West Unity, Williams County, Ohio, (the Village), and have issued our report thereon dated December 4, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings as items 2023-001 through 2023-003 that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an 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 2023-003.

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

December 4, 2024

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

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

The following errors were identified for the year ended December 31, 2023:

- Ohio Public Works Commission (OPWC) on-behalf-of transactions for a miscellaneous waterline replacement project and Lincoln Street resurfacing project were not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$352,324
- Community Development Block Grant (CDBG) on-behalf-of transactions for a miscellaneous waterline replacement project were not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$50,000.

The following error was identified for the year ended December 31, 2022:

- Community Development Block Grant (CDBG) on-behalf-of transactions for a miscellaneous waterline replacement project were not recorded, resulting in an understatement of intergovernmental receipts and capital outlay disbursements in the Other Capital Projects Fund in the amount of \$13,197.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to correct these errors. Failure to complete accurate financial statements could lead to the Council making misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,285 to \$14,518 that we have brought to the Village's attention.

The Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to help identify and correct errors and omissions.

FINDING NUMBER 2023-002

Material Weakness -- Cash Reconciliation Process Errors

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) to the accounting system 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 and/or other administrator are responsible for reviewing the reconciliations and related support.

In 2023, Council approved the closure of a savings account balance of \$66,194 and moved the deposits to the Village's insured cash sweep account. The Fiscal Officer incorrectly increased General Fund miscellaneous revenues by \$66,194 for this transaction which overstated the cash fund balance of the General Fund. The accompanying financial statements and accounting system have been adjusted to correct this error.

In addition, monthly bank to book reconciliations were not prepared timely or reviewed each month of 2023 and 2022. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and lead to inaccurate reporting in the annual financial statements.

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

FINDING NUMBER 2023-003

Noncompliance and Material Weakness

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

The Village inappropriately recorded \$220,990 of State Fiscal Recovery monies in the Other Capital Projects Fund in 2023. Given the source of the revenue, this should have been recorded in a separate special revenue fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

Officials' Response:

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

Police Chief

JR Jones

Village Administrator

Joshua Fritsch

Fiscal Officer

Sarah Higdon

Deputy Clerk

Aubrey Jennings



Mayor

Don Leu

Council Members

Kevin Gray

Shawn Blaisdell

Terri Lebowsky

Nathan Massie

Stephen Marvin

David Short

"A Community That Cares"

224 W JACKSON ST, PO BOX 207,

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2023 AND 2022

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|--|--|
| 2021-001 | Finding first reported in 2015. Material weakness due to financial statement reporting errors. | Not corrected and reissued as Finding 2023-001 in this report. | Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported. |
| 2021-002 | Noncompliance and Significant Deficiency. 5705.10(D) – State Fiscal Recovery monies improperly recorded. | Not corrected and reissued as Finding 2023-002 in this report. | Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported. |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST UNITY

WILLIAMS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/26/2024

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

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