



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WEST UNION
ADAMS COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of West Union
Adams County
33 Logans Lane
P.O. Box 395
West Union, Ohio 45693

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 and the fiduciary fund type combined total 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 West Union, Adams 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 or cash flows 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 and the fiduciary fund type combined total 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.

Other Matters

As discussed in Note 17 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 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
August 9, 2022

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Village of West Union, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$52,000	\$25,016	\$77,016
Municipal Income Tax	756,624	0	756,624
Intergovernmental	61,029	213,344	274,373
Charges for Services	505	629,557	630,062
Fines, Licenses and Permits	69,490	3,050	72,540
Earnings on Investments	3,671	0	3,671
Miscellaneous	115,142	2,219	117,361
<i>Total Cash Receipts</i>	<u>1,058,461</u>	<u>873,186</u>	<u>1,931,647</u>
Cash Disbursements			
Current:			
Security of Persons and Property	428,827	789,664	1,218,491
Public Health Services	2,000	0	2,000
Community Environment	414	0	414
Basic Utility Services	62,470	0	62,470
Transportation	110,214	205,391	315,605
General Government	424,342		424,342
Capital Outlay	480	10,000	10,480
<i>Total Cash Disbursements</i>	<u>1,028,747</u>	<u>1,005,055</u>	<u>2,033,802</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,714</u>	<u>(131,869)</u>	<u>(102,155)</u>
Other Financing Receipts (Disbursements)			
Transfers In		110,539	110,539
Transfers Out	(110,539)		(110,539)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(110,539)</u>	<u>110,539</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(80,825)	(21,330)	(102,155)
<i>Fund Cash Balances, January 1</i>	<u>483,748</u>	<u>527,562</u>	<u>1,011,310</u>
<i>Fund Cash Balances, December 31</i>	<u>\$402,923</u>	<u>\$506,232</u>	<u>\$909,155</u>

See accompanying notes to the basic financial statements

Village of West Union, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,625,677
<i>Total Operating Cash Receipts</i>	1,625,677
Operating Cash Disbursements	
Personal Services	336,387
Employee Fringe Benefits	130,994
Contractual Services	133,048
Supplies and Materials	211,848
Other	335,426
<i>Total Operating Cash Disbursements</i>	1,147,703
<i>Operating Income (Loss)</i>	477,974
Non-Operating Receipts (Disbursements)	
Intergovernmental	3,630,768
Loans Issued	5,581,132
Miscellaneous Receipts	32,005
Capital Outlay	(5,945,486)
Principal Retirement	(3,286,591)
Interest and Other Fiscal Charges	(100,131)
<i>Total Non-Operating Receipts (Disbursements)</i>	(88,303)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	389,671
Transfers In	359,400
Transfers Out	(359,400)
<i>Net Change in Fund Cash Balances</i>	389,671
<i>Fund Cash Balances, January 1</i>	420,258
<i>Fund Cash Balances, December 31</i>	\$809,929

See accompanying notes to the basic financial statements

Village of West Union, Ohio
Adams County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 59,147
<i>Total Additions</i>	59,147
Deductions	
Distributions to Other Governments	6,311
Distributions to Other Funds (Primary Gov't)	51,522
Other Distributions	1,469
<i>Total Deductions</i>	59,302
<i>Net Change in Fund Balances</i>	(155)
<i>Fund Cash Balances, January 1</i>	405
<i>Fund Cash Balances, December 31</i>	\$250

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of West Union (the Village), Adams 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, Fire, Emergency Medical and Police services, and Mayor’s Court. The Village appropriates monies to support a volunteer fire department.

Public Entity Risk Pools and Related Organizations

The Village participates in public entity risk pool and is associated with a related organization. Notes 10 and 11 to the financial statements provide additional information for these entities. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all 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 Fund – The Street Construction Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for payroll, construction, maintenance and repair of streets within the Village.

EMS – Medicare/Medicaid/Billing Fund – The EMS – Medicare/Medicaid/Billing Fund receives money from billing Medicare, Medicaid and insurance companies. The money that is received from this fund is used for payroll, Coroner runs, and operating expenses.

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

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 Operating Fund – This fund receives charges for services from residents to cover water service cost.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service cost.

Enterprise Improvement Fund Sewer – This fund receives money for 4 projects: Pump Station Rehabilitation, Wastewater Treatment Plant, Crackle Subdivision Sewer Extension and Panhandle Sewer Expansion. The loans for all 4 projects are from Ohio Water Development Authority. The Pump Station Rehabilitation Project, Wastewater Treatment Plant Project and Crackle Subdivision Sewer Extension will be finished in the year 2021. The Panhandle Sewer Expansion will be finished 2022.

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

Custodial 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 custodial fund accounts for Mayor’s Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Council 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 (except certain custodial funds) 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

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

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 2020 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. The Village had no investments at year-end.

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.

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

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 13.

Note 3 – Compliance

As of December 31, 2020, Village Enterprise funds had expenditures exceeding appropriations in the amount of \$1,494,783.

Note 4 – Budgetary Activity

Budgetary activity for the year ending follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$993,770	\$1,058,461	\$64,691
Special Revenue	968,154	983,725	15,571
Enterprise	17,088,593	11,228,982	(5,859,611)
Total	\$19,050,517	\$13,271,168	(\$5,779,349)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,370,610	\$1,140,763	\$229,847
Special Revenue	1,168,076	1,008,137	159,939
Enterprise	17,003,160	18,497,944	(1,494,784)
Total	\$19,541,846	\$20,646,844	(\$1,104,998)

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

Note 5 – Deposits and Investments

A summary of the Village's deposit account are as follows:

	<u>2020</u>
Demand deposits	\$1,719,334
Total Deposits	<u><u>\$1,719,334</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and Pooled with other Public Funds at The National Bank of Adams County then pledge. This method of pledged collateral is no longer allowable per Ohio law. At December 31, 2020, \$1,525,322 of deposits were not insured or collateralized in accordance with Ohio law.

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.

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

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

Note 7 – Risk Management

Workers' Compensation

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

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

Risk Pool Membership

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

- General liability and casualty;
- Public official's liability; and
- Vehicle.
- Cyber
- Law Enforcement Liability
- Property
- Equipment Breakdown

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

	<u>2019</u>
Cash and investments	\$ 38,483,610
Actuarial liabilities	\$14,705,917

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.5 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 West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended 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 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 – Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), as risk-sharing pool available to Ohio local governments. PEP pays judgment, settlement, and other expenses resulting from covered claims that exceed the members’ deductibles.

Note 11 – Related Organizations

The Village’s volunteer fire department established the West Union Firemen’s Building Association, a non-profit organization, for the purpose of owning a building to house the fire-fighting equipment owned by the Village. The Village pays the Association a monthly fee for this equipment storage and employee reimbursements. A total of \$72,000 was paid to the Association during 2020.

Note 12 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Sewer Bond Issue - 1995	\$ 698,000	4.50%
OWDA Manchester Water Line Loan 2133 -1999	164,115	5.86%
OWDA Main Street Water Main Replace Loan 6448 - 2013	1,011,586	1.99%
OWDA New Water Tower Loan 6811- 2017	1,735,596	1.50%
OWDA Pump Station Rehabilitation 8215 - 2019	441,139	0.00%
OWDA Wastewater Treatment Plant Improvements 8692-2019	2,283,630	0.00%
OWDA Panhandle Subdivision Sewer Expansion 8798 - 2020	122,203	0.00%
OPWC North Main Street Water Main Replacement CT85V - 2019	70,856	0.00%
OWDA Phase I Wastewater Improvements 4981 - 2012*	1,044,846	1.00%
OWDA Phase II Wastewater Treatment System 5956 - 2013*	386,617	0.00%
OPWC Schools Access and Sewage Improvements CO15L - 2011*	283,500	0.00%
Total	<u>\$8,242,088</u>	

* Village assumed responsibility for debt for these loans from Adams County during 2020.

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

The USDA Rural Development Sewer Bond was issued in 1995 for \$1,200,000. Proceeds were used to rehabilitate the Village's wastewater treatment plant and other system components. The bond issue mature in varying amounts from \$21,800 in 2011 to \$67,200 in 2034. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements

The Ohio Water Development Authority (OWDA) loan #2133 relates Manchester Waterline Construction. In 1999, OWDA issued \$941,376 in loans to the Village for this project. The Village will repay the loans in semiannual installments ranging from \$33,983 to \$35,694, including interest, over 25 years, with the final payment being made in 2023. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6448 Main Street Replacement Loan relates to Main Street Water Main Replacement. In 2013, OWDA issued \$1,457,561 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$44,349 including interest, over 20 years, with the final payment being made in 2033. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6811 relates to Water System Improvements. In 2017, OWDA issued \$1,889,655 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$39,014 including interest, over 30 years, with the final payment being made in 2047. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8215 relates to a sewer plant expansion, Pump Station Rehabilitation. The OWDA approved up to \$2,727,280 in loans to the Village for this project, with \$2,200,000 being Principal Forgiveness. The Village will repay the loans in semiannual installments of \$13,182, including interest, over 20 years. The scheduled payment amount below assumes that the non-forgiven amount of \$527,280 will be borrowed. The OWDA will adjust the scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8692 relates to Improvements to Wastewater Treatment Plant. In 2019, OWDA approved up to \$10,035,618 in loans to the Village for this project, with \$3,496,526 being Principal Forgiveness. This loan was used to pay off OWDA loan #8323 in full during 2019. No Amortization Schedule is available as of December 31, 2020 due to project still in process. Loan balance for this project at year end was \$2,283,630. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8798 relates to Panhandle Subdivision Sewer Expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$321,780 in loans to the Village for this project. No Amortization Schedule is available as of December 31, 2020 due to project still in process. Loan balance for this project at year end was \$122,203. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) loan #8984 relates to Improvements to Wastewater Treatment Plant. The OWDA approved up to \$2,651,715 in loans to the Village for this project, with the full amount being Principal Forgiveness. As of December 31, 2020, \$93,126 of Principal Forgiveness had been issued.

The Ohio Public Works Commission (OPWC) loan #CT84V/CT85V relates to North Main Street Water Main Replacement. In 2019, OPWC approved up to \$211,635 in loans to the Village for this project. The project was completed under budget, with only \$70,856 of loan funds being disbursed. The Village will repay the loans in semiannual installments of \$1,771 including interest, over 20 years, with the final payment being made in 2040. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

During 2020, Adams County transferred the liability of Ohio Water Development Authority (OWDA) loan #4981, OWDA loan #5956 and Ohio Public Works Commission (OPWC) loan to the Village as part of the sewer expansion project as described above. Information on these loans are discussed as follows

The Ohio Water Development Authority (OWDA) loan #4981 relates to Phase I Wastewater Improvements. In 2011, OWDA issued \$1,429,833 in loans at 1% interest rates to the County for this project. The County repaid the loan down to \$1,089,349 at time of transfer. The Village will continue repayments in semiannual installments of \$27,643 including interest, over its remaining life, with the final payment being made in 2042. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5956 relates Phase II Wastewater Improvements. In 2012, OWDA issued \$1,610,530 in loans at 0% interest rates to the County for this project. The County repaid the loan down to \$420,236 at time of transfer. The Village will continue repayments in semiannual installments of \$16,810, over its remaining life, with the final payment being made in 2032. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CO15L relates to School Access and Sewage Improvements. In 2007, OPWC issued \$405,000 in loans to the County for this project. The County repaid the loan down to \$283,500 at time of transfer. The Village will continue repayments in semiannual installments of \$6,750, over its remaining life, with the final payment being made in 2041. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Amortization

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

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

Year Ending December 31:	USDA Bond #92-08	OWDA Loan #2133	OWDA Loan #6448	OWDA Loan #5956
2021	\$ 67,010	\$ 69,611	\$ 88,698	\$ 33,619
2022	67,208	70,784	88,697	33,619
2023	67,425	35,694	88,698	33,619
2024	67,556		88,697	33,619
2025	67,803		88,698	33,619
2026-2030	342,360		443,487	168,094
2031-2035	278,918		266,093	50,428
Total	<u>\$958,280</u>	<u>\$176,089</u>	<u>\$1,153,068</u>	<u>\$386,617</u>

Year Ending December 31:	OWDA Loan #6811	OWDA Loan #4981	OPWC Loan # CO15L	OPWC Loan # CT85V	OWDA Loan #8215
2021	\$ 78,027	\$ 55,285	\$ 13,500	\$ 3,542	\$ 26,364
2022	78,028	55,285	13,500	3,542	26,364
2023	78,027	55,286	13,500	3,542	26,364
2024	78,028	55,285	13,500	3,542	26,364
2025	78,027	55,285	13,500	3,542	26,364
2026-2030	390,137	276,427	67,500	17,714	131,820
2031-2035	390,137	276,427	67,500	17,714	131,820
2036-2040	390,137	276,427	67,500	17,714	45,679
2041-2045	390,137	110,571	13,500		
2046-2047	156,056				
Total	<u>\$2,106,741</u>	<u>\$1,216,278</u>	<u>\$283,500</u>	<u>\$70,852</u>	<u>\$441,139</u>

Amortization Schedules were not available for OWDA Wastewater Treatment Plant Improvement, and OWDA Panhandle Subdivision Sewer Expansion due to project not being finalized and completed as of December 31, 2020.

Debt Service Trust Funds

The Wastewater Plant was remodeled in 1995 through a USDA loan. This agreement required the Village to establish a debt service fund to be maintained by the Village. The Village has established this Sewer Reserve Fund. At December 31, 2020, this fund had \$112,035.

Note 13 – Fund Balances

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:

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	1,479	3,081	4,560
<i>Total</i>	\$1,479	\$3,081	\$4,560

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

Note 14 – Construction and Contractual Commitments

The Village has the following outstanding Construction Commitments at December 31, 2020:

Project Name	Funding Source	Remaining Project Commitments	Amount
Pump Station Rehabilitation	OWDA Loan #8215	Loan Contingencies Contractor Technical Services	\$ 53,611 6,166 \$ 59,777
Panhandle Subdivision Sewer Extension	OWDA Loan #8798	Contractor Design Services	\$ 199,577
Wastewater Treatment Plant Improvements	OWDA Loan #8692	Building Crafts, Inc. Loan Contingencies Contractor Technical Services Other Loan Design, Equipment & Force Accounts	\$ 3,773,640 260,993 138,093 82,736 \$ 4,255,462
Crackle Subdivision Sewer Extension	OWDA Loan #8984	Lloyd's Excavating LLC Loan Contingencies Other Loan Design, Equipment & Force Accounts	\$ 1,971,260 548,621 38,708 \$ 2,558,589
Pump Station Rehabilitation	OWDA Loan #8215	Contractor Technical Services Contractor Design Services	\$ 157,497 24,355 \$ 181,852

Note 15 – Contingent Liabilities

The Village was not involved in any law suits in the 2020.

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

Note 16 – Subsequent Events

During 2021, the Village entered into a project with ODOT for S.R. 41 sidewalk improvements. The project is estimated to cost \$1,053,920 with an ODOT grant covering \$1,001,224 and a local share of \$52,696 with the Village obtaining a loan through the National Bank of Adams County in the amount of \$180,000.

Note 17 – COVID19

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 will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of West Union, Ohio
Adams 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$49,796	\$118,977	\$168,773
Municipal Income Tax	754,788	0	754,788
Intergovernmental	53,434	187,251	240,685
Charges for Services	1,916	614,949	616,865
Fines, Licenses and Permits	71,408	4,320	75,728
Earnings on Investments	7,111	132	7,243
Miscellaneous	68,736	6,054	74,790
<i>Total Cash Receipts</i>	<u>1,007,189</u>	<u>931,683</u>	<u>1,938,872</u>
Cash Disbursements			
Current:			
Security of Persons and Property	454,086	793,471	1,247,557
Public Health Services	35,777	0	35,777
Leisure Time Activities	3,725	0	3,725
Community Environment	3,640	0	3,640
Basic Utility Services	71,632	0	71,632
Transportation	136,087	192,304	328,391
General Government	466,335	4,102	470,437
Capital Outlay	44,290	0	44,290
<i>Total Cash Disbursements</i>	<u>1,215,572</u>	<u>989,877</u>	<u>2,205,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(208,383)</u>	<u>(58,194)</u>	<u>(266,577)</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	107,431	107,431
Transfers Out	(107,431)	0	(107,431)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(107,431)</u>	<u>107,431</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(315,814)</u>	<u>49,237</u>	<u>(266,577)</u>
<i>Fund Cash Balances, January 1</i>	<u>799,562</u>	<u>478,325</u>	<u>1,277,887</u>
Restricted		527,562	527,562
Assigned	436,839		436,839
Unassigned(Deficit)	46,909		46,909
<i>Fund Cash Balances, December 31</i>	<u>\$483,748</u>	<u>\$527,562</u>	<u>\$1,011,310</u>

See accompanying notes to the basic financial statements

Village of West Union, Ohio
Adams 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

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$1,590,199	\$0	\$1,590,199
<i>Total Operating Cash Receipts</i>	<u>1,590,199</u>	<u>0</u>	<u>1,590,199</u>
Operating Cash Disbursements			
Personal Services	260,369	0	260,369
Employee Fringe Benefits	121,665	0	121,665
Contractual Services	154,035	0	154,035
Supplies and Materials	229,217	0	229,217
Other	417,102	0	417,102
<i>Total Operating Cash Disbursements</i>	<u>1,182,388</u>	<u>0</u>	<u>1,182,388</u>
<i>Operating Income (Loss)</i>	<u>407,811</u>	<u>0</u>	<u>407,811</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	3,231,348	0	3,231,348
Other Debt Proceeds	3,845,227	0	3,845,227
Miscellaneous Receipts	18,459	0	18,459
Capital Outlay	(3,340,122)	0	(3,340,122)
Principal Retirement	(3,966,249)	0	(3,966,249)
Interest and Other Fiscal Charges	(95,387)	0	(95,387)
Other Non-Operating Receipts	0	66,060	66,060
Other Non-Operating Disbursements	0	(65,655)	(65,655)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(306,724)</u>	<u>405</u>	<u>(306,319)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	101,087	405	101,492
Transfers In	325,200	0	325,200
Transfers Out	(325,200)	0	(325,200)
<i>Net Change in Fund Cash Balances</i>	101,087	405	101,492
<i>Fund Cash Balances, January 1</i>	<u>319,171</u>	<u>0</u>	<u>319,171</u>
<i>Fund Cash Balances, December 31</i>	<u>\$420,258</u>	<u>\$405</u>	<u>\$420,663</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of West Union (the Village), Adams 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, Emergency Medical and Police services, and Mayor’s Court. The Village appropriates monies to support a volunteer fire department.

Public Entity Risk Pools and Related Organizations

The Village participates in public entity risk pool and is associated with a related organization. Notes 10 and 11 to the financial statements provide additional information for these entities. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are 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 Fund – The Street Construction Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for payroll, construction, maintenance and repair of streets within the Village.

EMS – Medicare/Medicaid/Billing Fund – The EMS – Medicare/Medicaid/Billing Fund receives money from billing Medicare, Medicaid and insurance companies. The money that is received from this fund is used for payroll, Coroner runs, and operating expenses.

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

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 Operating Fund – This fund receives charges for services from residents to cover water service cost.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service cost.

Enterprise Improvement Fund Sewer – This fund receives money for 3 projects: Pump Station Rehabilitation, Wastewater Treatment Plant and Crackle Subdivision Sewer Extension. The loans for all 3 projects are from Ohio Water Development Authority. The Pump Station Rehabilitation Project will be finished in 2020. The Wastewater Treatment Plant Project and Crackle Subdivision Sewer Extension will be finished in the year 2021.

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 hold resources for individuals, organizations or other governments. The Village's agency fund accounts for Mayor's Court. This fund receives fine and forfeitures collected by the Mayor's Court which are distributed to the Village and State.

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 Council 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 (except certain agency funds) be budgeted annually.

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

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

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

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 2019 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. The Village had no investments at year-end.

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

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

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 – Compliance

As of December 31, 2019, Village Enterprise funds had expenditures exceeding Appropriations in the amount of \$2,541,880.

Note 4 – Budgetary Activity

Budgetary activity for the year ending follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$929,650	\$1,007,189	\$77,539
Special Revenue	1,035,638	1,039,114	3,476
Enterprise	6,626,208	9,010,433	2,384,225
Total	\$8,591,496	\$11,056,736	\$2,465,240

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,602,504	\$1,438,113	\$164,391
Special Revenue	1,228,501	997,399	231,102
Enterprise	6,367,466	9,632,847	(3,265,381)
Total	\$9,198,471	\$12,068,359	(\$2,869,888)

Note 5 – Deposits

A summary of the Village’s deposit account are as follows:

	2019
Demand deposits	\$1,431,973
Total Deposits	\$1,431,973

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and Pooled with other Public Funds at The National Bank of Adams County then pledge. This method of pledged collateral is no longer allowable per Ohio law. At December 31, 2019, \$1,234,313 of deposits were not insured or collateralized in accordance with Ohio law.

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

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

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

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

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

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

- General liability and casualty;
- Public official's liability; and
- Vehicle.
- Cyber
- Law Enforcement Liability
- Property
- Equipment Breakdown

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

	<u>2019</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.5 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.

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 2019. The portion of

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

employer contributions allocated to health care for OPERS members in the Member Directed Plan was 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 10 – Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), as risk-sharing pool available to Ohio local governments. PEP pays judgment, settlement, and other expenses resulting from covered claims that exceed the members’ deductibles.

Note 11 – Related Organizations

The Village’s volunteer fire department established the West Union Firemen’s Building Association, a non-profit organization, for the purpose of owning a building to house the fire-fighting equipment owned by the Village. The Village pays the Association a monthly fee for this equipment storage and employee reimbursements. A total of \$72,000 was paid to the Association during 2019.

Note 12 – Debt

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

	Principal	Interest Rate
USDA Rural Development Sewer Bond Issue - 1995	\$ 731,900	4.50%
OWDA Manchester Water Line Loan 2133 -1999	223,671	5.86%
OWDA East Side Sewer Line Loan 3365 - 2001	24,073	2.20%
OWDA Main Street Water Main Replace Loan 6448 - 2013	1,079,143	1.99%
OWDA New Water Tower Loan 6811- 2017	1,787,697	1.50%
OWDA Pump Station Rehabilitation 8215 - 2019	196,011	0.00%
OWDA Crackle Subdivision Sewer Extension 8539 - 2019	87,966	0.00%
OPWC North Main Street Water Main Replacement CT85V - 2019	24,005	0.00%
Total	<u>\$4,154,466</u>	

The USDA Rural Development Sewer Bond was issued in 1995 for \$1,200,000. Proceeds were used to rehabilitate the Village’s wastewater treatment plant and other system components. The bond issue mature in varying amounts from \$21,800 in 2011 to \$67,200 in 2034. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #2133 relates Manchester Waterline Construction. In 1999, OWDA issued \$941,376 in loans to the Village for this project. The Village will repay the loans in semiannual installments ranging from \$33,983 to \$35,694, including interest, over 25 years, with the final payment being made in 2023. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) loan #3365 relates to East Side Sewer Upgrades. In 2001, OWDA issued \$394,232 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$12,235 including interest, over 20 years, with the final payment being made in 2020. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6448 Main Street Replacement Loan relates to Main Street Water Main Replacement. In 2013, OWDA issued \$1,457,561 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$44,349 including interest, over 20 years, with the final payment being made in 2033. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6811 relates to Water System Improvements. In 2017, OWDA issued \$1,889,655 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$39,014 including interest, over 30 years, with the final payment being made in 2047. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #7747 relates to Improvements to Sanitary Sewer System – Planning. In 2018, OWDA issued loans to the Village for this project at 1% interest rate. The Village repaid the loans through the transfer of loan balance to OWDA loan #8323 (described below.)

The Ohio Water Development Authority (OWDA) loan #8215 relates to a water and sewer plant expansion, Pump Station Rehabilitation. The OWDA approved up to \$2,727,280 in loans to the Village for this project, with \$2,200,000 being Principal Forgiveness. No Amortization Schedule is available as of December 31, 2019 due to project still in process. Loan balance for this project at year end was \$196,011. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8323 relates to Improvements to Wastewater Treatment Plant. This loan was used to pay off OWDA loan #7747 in full during 2019. In 2019, OWDA issued loans to the Village for this project at 0% interest rate. The Village repaid the loans through the transfer of loan balance to OWDA loan #8692 (described below.)

The Ohio Water Development Authority (OWDA) loan #8539 relates to Crackle Subdivision Sewer Extension. In 2019, OWDA issued loans to the Village for this project at 0% interest rate. No Amortization Schedule is available as of December 31, 2019 due to project still in process. Loan balance for this project at year end was \$87,966. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8692 relates to Improvements to Wastewater Treatment Plant. In 2019, OWDA approved up to \$10,035,618 in loans to the Village for this project, with \$3,496,526 being Principal Forgiveness. This loan was used to pay off OWDA loan #8323 in full during 2019. No Amortization Schedule is available as of December 31, 2019 due to project still in process. Loan balance for this project at year end was \$0. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Public Works Commission (OPWC) loan #CT84V/CT85V relates to North Main Street Water Main Replacement. In 2019, OPWC approved up to \$211,635 in loans to the Village for this project. No Amortization Schedule is available as of December 31, 2019 due to project still in process. Loan balance for this project at year end was \$24,005. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Debt Service Trust Funds

The Wastewater Plant was remodeled in 1995 the loan was thru USDA. This agreement required the Village to establish a debt service fund to be maintained by the Village. The Village has established this Sewer Reserve Fund. At December 31, 2019, this fund had \$112,035.

Amortization

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

Year Ending December 31:	USDA Bond #92-08	OWDA Loan #2133	OWDA Loan # 3365	OWDA Loan #6448	OWDA Loan #6811
2020	\$66,836	\$67,434	\$24,472	\$88,698	\$78,027
2021	67,010	69,611		88,697	78,028
2022	67,208	70,784		88,698	78,027
2023	67,425	35,694		88,697	78,028
2024	67,556			88,698	78,027
2025-2029	341,224			443,487	390,137
2030-2034	347,856			354,790	390,137
2035-2039					390,137
2040-2044					390,137
2045-2048					234,082
Total	<u>\$1,025,115</u>	<u>\$243,523</u>	<u>\$24,472</u>	<u>\$1,241,765</u>	<u>\$2,184,767</u>

Amortization Schedules were not available for OWDA Pump Station Rehabilitation, OWDA Crackle subdivision Sewer Extension, or OPWC North Main Street Water Main Replacement due to project not being finalized and completed as of December 31, 2019.

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

Note 13 – Construction and Contractual Commitments

The village has the following outstanding Construction Commitments at December 31, 2019:

<u>Project Name</u>	<u>Funding Source</u>	<u>Remaining Project</u>	<u>Amounts</u>
Pump Station Rehabilitation	OWDA Loan #8215	Mechanical Construction Co. Inc.	\$ 276,548
		Loan Contingencies	48,555
		Contractor Technical Services	6,166
			<u>\$ 331,269</u>
Crackle Subdivision Sewer Extension	OWDA Loan #8539	Contractor Technical Services	\$ 163,450
		Building Crafts, Inc.	\$ 8,164,000
Crackle Subdivision Sewer Extension	OWDA Loan #8692	Loan Contingencies	408,200
		Contractor Technical Services	443,839
		Other Loan Design, Equipment & Force Accounts	171,051
North Main Street Water Main Replacement	OPWC Loan #CT85V	Lloyd's Excavating, LLC	\$ 36,334
		CT Consultants Inc.	10,517
			<u>\$ 46,851</u>
State Route 41 Traffic Light	General Fund	Capital Electric Line Builders Inc	\$ 109,000

Note 14 – Contingent Liabilities

The Village is plaintiff in a lawsuit. Although management cannot presently determine the outcome of the suit, management believes that the resolution of these matters will not affect the Village's financial condition.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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 West Union
Adams County
33 Logans Lane
P.O. Box 395
West Union, Ohio 45693

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 and the fiduciary fund type combined total 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 West Union, Adams County, (the Village) and have issued our report thereon dated August 9, 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, which 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

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 statement. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2020-003 and 2020-004.

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
August 9, 2022

**VILLAGE OF WEST UNION
ADAMS 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

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.

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors:

For 2020:

General Fund:

- Other financing sources were over stated by \$197,195 and the following cash disbursement lines were understated: basic utility services by \$62,470, capital outlay by \$480, community environment by \$414, security of person and property by \$21,617, public health by \$2,000 and transportation by \$110,214.
- Additional immaterial errors ranging from \$37 to \$2,661 were identified and corrected.

Special Revenue Funds:

- Intergovernmental revenue was understated by \$68,729, property taxes revenue were overstated by \$17,825, and miscellaneous revenue was overstated by \$50,904.
- Additional immaterial errors ranging from \$384 to \$2,901 were identified and corrected.

Enterprise Fund:

- Contractual services expense was overstated and capital outlay expense was understated by \$5,775,363.
- Special assessments revenue was overstated by \$5,785,849, capital outlay expense was overstated by \$93,126, loan issued revenue was understated by \$5,317,883, intergovernmental receipts were understated by \$364,354, and charges for services revenue were understated by \$10,486.
- Intergovernmental receipts and principal payments were understated by \$2,944,918.
- Other debt proceeds were overstated by \$321,496 and intergovernmental receipts were understated by \$321,496.
- Loans issued and capital outlay expense were understated by \$263,249.
- Additional immaterial errors ranging from \$8,865 to \$26,364 were identified and corrected.

**FINDING NUMBER 2020-001
(Continued)**

Custodial Fund:

- Mayor's Court activity was not presented on the submitted financial statements, resulting in the following errors: fines, licenses and permits for distributions were understated by \$59,147, distributions to other governments were understated by \$6,311, distributions to other funds (Primary Gov't) were understated by \$51,522 and other distributions were understated by \$1,469. These adjustments resulted in a decrease in the Mayor's Court fund balance of \$155.

For 2019:

General Fund:

- Other financing sources were over stated by \$208,117, and the following cash disbursement lines were understated: basic utility services by \$69,615, capital outlay by \$44,290, community environment by \$3,640, leisure time activities by \$3,725, public health by \$2,000, and transportation by \$84,847.
- Unassigned fund balance was overstated and assigned fund balance was understated by \$436,839.
- Additional immaterial errors ranging from \$250 to \$1,530 were identified and corrected.

Special Revenue Funds:

- Intergovernmental revenue was understated by \$59,111, property taxes were overstated by \$19,111, and miscellaneous revenue was overstated by \$40,000.
- Additional immaterial errors ranging from \$14 to \$1,530 were identified and corrected.

Enterprise Fund:

- Contractual services expense was overstated and capital outlay expense was understated by \$2,822,302.
- Special assessments revenue was overstated by \$3,389,162, loan issued was understated by \$2,846,307, intergovernmental receipts were understated by \$493,815, and charges for services revenue was understated by \$49,040.
- Intergovernmental receipts were understated by \$2,737,533, loans issued were understated by \$998,920, and principal payments were understated by \$3,736,453.
- An additional immaterial error in the amount of \$49,040 was identified and corrected.

Agency Fund:

- Mayor's Court activity was not presented on the submitted financial statements, resulting in the following errors: fines, licenses and permits for distributions were understated by \$65,810, distributions to other governments were understated by \$8,662, distributions to other funds (Primary Gov't) were understated by \$56,089, distributions of deposits were understated by \$46 and other distributions were understated by \$858. These adjustments resulted in a decrease to the Mayor's Court fund balance of \$155.

**FINDING NUMBER 2020-001
(Continued)**

The Village corrected the financial statements and their accounting system, where applicable, for all identified errors.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the Village.

The Village should accurately record financial transactions.

Officials' Response:

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

FINDING NUMBER 2020-002

Material Weakness

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Entity and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

In 2020, the Budgetary Appropriations reported in the Budgetary footnote did not include prior year carryover appropriations. This resulted in the amounts included in the footnote being understated by the following amounts:

- General Fund: \$115,110
- Special Revenue Funds: \$7,522
- Enterprise Funds: \$723,502

In 2020, the Budgetary Expenditures reported in the Budgetary footnote did not include outstanding encumbrances and additionally were misstated by other unknown causes. This resulted in the amounts in the footnote being understated by the following amounts:

FINDING NUMBER 2020-002
(Continued)

- General Fund: \$1,687
- Special Revenue Funds: \$3,081
- Enterprise Funds: \$7,414,039

In 2019 the Budgetary Appropriations reported in the Budgetary footnote did not include prior year carryover appropriations and additionally were misstated by other unknown causes. This resulted in the amounts in the footnote being understated by the following amounts:

- General Fund: \$9,844
- Enterprise Fund: \$40,001

In 2019, the Budgetary Expenditures reported in the Budgetary footnote did not include outstanding encumbrances. This resulted in the amounts included in the footnote being understated by the following amounts:

- General Fund: \$115,110
- Special Revenue Funds: \$7,523
- Enterprise Funds: \$723,502

Additionally, the budgetary footnote was adjusted for combination of Enterprise Capital Projects and Enterprise Debt Service into one Enterprise fund, related audit adjustments and other trivial unknown errors.

Failure to accurately report budgetary expenditures and appropriations in the footnotes could result in users of the financial statements receiving inaccurate information regarding the Village's financial position. The Village should use due care in the preparation of the financial statement footnotes to ensure that accurate budgetary amounts are reported.

Officials' Response:

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

FINDING NUMBER 2020-003

Noncompliance

Ohio Rev. Code §135.18, states, in part, a political subdivision shall require the institution designated as a public depository to pledge to a deposit with, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The Village of West Union had \$1,775,322 on deposit in a Government Account at National Bank of Adams County at December 31, 2020. These deposits were partially secured by FDIC insurance of \$250,000. However, the bank did not use an allowable Ohio compliant method to provide coverage for the remaining funds. Therefore, the Village had \$1,525,322 in uncollateralized monies.

**FINDING NUMBER 2020-003
(Continued)**

The Village of West Union had \$1,484,313 on deposit in a Government Account at National Bank of Adams County at December 31, 2019. These deposits were partially secured by FDIC insurance of \$250,000. However, the bank did not use an allowable Ohio compliant method to provide coverage for the remaining funds. Therefore, the Village had \$1,234,313 in uncollateralized monies.

Failure to ensure deposits held at financial institutions could result in loss of funds should the institution cease operations.

The Village should monitor the amounts on deposit and the amounts of securities pledged by the depository to ensure all deposits are collateralized.

Officials' Response:

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

FINDING NUMBER 2020-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Enterprise funds had expenditures in excess of appropriations of \$2,541,880 as of December 31, 2019.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

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

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**VILLAGE OF WEST UNION
33 LOGANS LANE
P.O. BOX 395
WEST UNION, OH 45693
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements and Classification of Fund Balances	Not Corrected	Reissued as 2020-001
2018-002	Properly Encumbering Disbursements – Ohio Rev. Code Section 5705.41(D)	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST UNION

ADAMS 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 8/30/2022

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