



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Unionville Center
Union County
209 Cross Street
Unionville Center, Ohio 43077

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Unionville Center, Union County, Ohio (the Village) as of and for the years ended December 31, 2019, 2018, and 2017.

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 1 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(C), 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(C) 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, 2019, 2018, and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Unionville Center, Union County, as of December 31, 2019, 2018, and 2017 and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 9 to the December 31, 2019 and 2018 financial statements, the Village has a net deficiency in the General fund due to losses resulting from embezzlement by the former Village Clerk/Treasurer. Note 9 also describes management's evaluation of the events and conditions and their plan to mitigate these matters.

Additionally, as disclosed in Note 8 to the December 31, 2019, 2018, and 2017 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 these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

May 8, 2023

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**VILLAGE OF UNIONVILLE CENTER
UNION 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	\$ 7,875	\$ -	\$ 7,875
Intergovernmental	8,986	15,858	24,844
Fines, Licenses and Permits	2,539	-	2,539
Earnings on Investments	178	197	375
<i>Total Cash Receipts</i>	<u>19,578</u>	<u>16,055</u>	<u>35,633</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,119	-	2,119
Public Health Services	150	-	150
Leisure Time Activities	47	-	47
Basic Utility Services	615	-	615
Transportation	-	2,201	2,201
General Government	37,637	-	37,637
<i>Total Cash Disbursements</i>	<u>40,568</u>	<u>2,201</u>	<u>42,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,990)	13,854	(7,136)
<i>Fund Cash Balances, January 1</i>	<u>(25,356)</u>	<u>124,152</u>	<u>98,796</u>
Fund Cash Balances, December 31			
Restricted	-	138,006	138,006
Unassigned	(46,346)	-	(46,346)
<i>Fund Cash Balances, December 31</i>	<u>\$ (46,346)</u>	<u>\$ 138,006</u>	<u>\$ 91,660</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Unionville Center, Union County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services.

Jointly Governed Organization:

The Village participates in the Pleasant Valley Joint Fire District, a jointly governed organization. Note 7 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.

B. Accounting Basis

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.

C. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

D. 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:

1. 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.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

E. Budgetary Process

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

1. 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.

2. 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.

3. 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 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

G. 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.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$75,254
STAR Ohio	16,406
Total Deposits and Investments	\$91,660

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. Equity in Pooled Deposits and Investments (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,366	\$19,579	(\$11,787)
Special Revenue	13,124	16,055	2,931
Total	\$44,490	\$35,634	(\$8,856)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,779	\$44,148	\$5,631
Special Revenue	0	6,549	(6,549)
Total	\$49,779	\$50,697	(\$918)

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

5. Retirement Systems

The Village's Officials belong to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village's liability is 6.2 percent of wages paid.

6. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. Jointly Governed Organization

The Village is a participant, along with Canaan Township, Darby Township (Madison County), Darby Township (Union County), and the Village of Plain City, in the Pleasant Valley Joint Fire District (the District), which provides fire protection and rescue services within the District and by contract to areas outside the District. The District possesses its own budgeting and taxing authority. The degree of control exercised by the Village is limited to its representation on the Board. Financial information can be obtained from the Pleasant Valley Joint Fire District.

8. Subsequent Events

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

On January 31, 2022, former Clerk/Treasurer Christa Williams was indicted on one count of Theft in Office, one count of Forgery, one count of Tampering with Records, one count of Telecommunications Fraud, and one count of Filing Incomplete, False and Fraudulent Returns by a Union County Grand Jury following an investigation that found a total of \$81,165 in Village checks issued to both the former Clerk/Treasurer and her husband that were deemed not for a proper public purpose during 2016-2020 as follows:

2016 - \$3,139
2017 - \$12,126
2018 - \$31,900
2019 - \$24,500
2020 - \$9,500

9. Management Plan

The relatively huge embezzlement from the Village that was discovered during this audit took place over a period of years. The resulting large, negative fund balance in the General Fund will take some time to remediate. The Village has elected to treat all funds available as a part of the State and Local Fiscal Recovery Funds (SLFRF) as Revenue Replacement per the Final Rule. That total allocation is \$23,988. The Village has also submitted a claim to the insurance company that provided the \$25,000 bond on the former Clerk/Treasurer. Any funds received from that claim will help restore the balance in the General Fund. Significant progress is anticipated by the end of 2022.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,093	\$ -	\$ 8,093
Intergovernmental	8,797	13,618	22,415
Fines, Licenses and Permits	130	-	130
Earnings on Investments	149	160	309
Miscellaneous	111	-	111
<i>Total Cash Receipts</i>	<u>17,280</u>	<u>13,778</u>	<u>31,058</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,783	-	2,783
Leisure Time Activities	1,100	-	1,100
Community Environment	500	-	500
Basic Utility Services	397	-	397
Transportation	-	11,667	11,667
General Government	41,283	-	41,283
<i>Total Cash Disbursements</i>	<u>46,063</u>	<u>11,667</u>	<u>57,730</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,783)	2,111	(26,672)
<i>Fund Cash Balances, January 1</i>	<u>3,427</u>	<u>122,041</u>	<u>125,468</u>
Fund Cash Balances, December 31			
Restricted	-	124,152	124,152
Unassigned	(25,356)	-	(25,356)
<i>Fund Cash Balances, December 31</i>	<u>\$ (25,356)</u>	<u>\$ 124,152</u>	<u>\$ 98,796</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Unionville Center, Union County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services.

Jointly Governed Organization:

The Village participates in the Pleasant Valley Joint Fire District, a jointly governed organization. Note 7 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.

B. Accounting Basis

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.

C. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

D. 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:

1. 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.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

E. Budgetary Process

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

1. 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.

2. 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.

3. 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 2018 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

G. 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.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$82,766
STAR Ohio	16,030
Total Deposits and Investments	\$98,796

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. Equity in Pooled Deposits and Investments (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

<u>2018 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General	\$17,810	\$17,280	(\$530)
Special Revenue	7,222	13,778	6,556
Total	<u>\$25,032</u>	<u>\$31,058</u>	<u>\$6,026</u>

<u>2018 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General	\$50,248	\$47,344	\$2,904
Special Revenue	12,109	11,667	442
Total	<u>\$62,357</u>	<u>\$59,011</u>	<u>\$3,346</u>

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

5. Retirement Systems

The Village's Officials belong to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village's liability is 6.2 percent of wages paid.

6. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. Jointly Governed Organization

The Village is a participant, along with Canaan Township, Darby Township (Madison County), Darby Township (Union County), and the Village of Plain City, in the Pleasant Valley Joint Fire District (the District), which provides fire protection and rescue services within the District and by contract to areas outside the District. The District possesses its own budgeting and taxing authority. The degree of control exercised by the Village is limited to its representation on the Board. Financial information can be obtained from the Pleasant Valley Joint Fire District.

8. Subsequent Events

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

On January 31, 2022, former Clerk/Treasurer Christa Williams was indicted on one count of Theft in Office, one count of Forgery, one count of Tampering with Records, one count of Telecommunications Fraud, and one count of Filing Incomplete, False and Fraudulent Returns by a Union County Grand Jury following an investigation that found a total of \$81,165 in Village checks issued to both the former Clerk/Treasurer and her husband that were deemed not for a proper public purpose during 2016-2020 as follows:

2016 - \$3,139
2017 - \$12,126
2018 - \$31,900
2019 - \$24,500
2020 - \$9,500

9. Management Plan

The relatively huge embezzlement from the Village that was discovered during this audit took place over a period of years. The resulting large, negative fund balance in the General Fund will take some time to remediate. The Village has elected to treat all funds available as a part of the State and Local Fiscal Recovery Funds (SLFRF) as Revenue Replacement per the Final Rule. That total allocation is \$23,988. The Village has also submitted a claim to the insurance company that provided the \$25,000 bond on the former Clerk/Treasurer. Any funds received from that claim will help restore the balance in the General Fund. Significant progress is anticipated by the end of 2022.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,050	\$ -	\$ 8,050
Intergovernmental	8,733	16,162	24,895
Earnings on Investments	86	81	167
Miscellaneous	93	-	93
<i>Total Cash Receipts</i>	<u>16,962</u>	<u>16,243</u>	<u>33,205</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,537	-	2,537
Basic Utility Services	223	-	223
Transportation	-	2,742	2,742
General Government	25,744	-	25,744
<i>Total Cash Disbursements</i>	<u>28,504</u>	<u>2,742</u>	<u>31,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,542)	13,501	1,959
<i>Fund Cash Balances, January 1</i>	<u>14,969</u>	<u>108,540</u>	<u>123,509</u>
Fund Cash Balances, December 31			
Restricted	-	122,041	122,041
Assigned	3,427	-	3,427
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,427</u>	<u>\$ 122,041</u>	<u>\$ 125,468</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Unionville Center, Union County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services.

Jointly Governed Organization:

The Village participates in the Pleasant Valley Joint Fire District, a jointly governed organization. Note 7 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.

B. Accounting Basis

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.

C. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

D. 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:

1. 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.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

E. Budgetary Process

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

1. 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.

2. 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.

3. 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 2017 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

G. 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.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$109,748
STAR Ohio	15,720
Total Deposits and Investments	<u>\$125,468</u>

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Equity in Pooled Deposits and Investments (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$16,065	\$16,962	\$897
Special Revenue	9,472	16,243	6,771
Total	\$25,537	\$33,205	\$7,668

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,397	\$29,339	\$9,058
Special Revenue	16,191	2,742	13,449
Total	\$54,588	\$32,081	\$22,507

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

5. Retirement Systems

The Village's Officials belong to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village's liability is 6.2 percent of wages paid.

6. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. Jointly Governed Organization

The Village is a participant, along with Canaan Township, Darby Township (Madison County), Darby Township (Union County), and the Village of Plain City, in the Pleasant Valley Joint Fire District (the District), which provides fire protection and rescue services within the District and by contract to areas outside the District. The District possesses its own budgeting and taxing authority. The degree of control exercised by the Village is limited to its representation on the Board. Financial information can be obtained from the Pleasant Valley Joint Fire District.

8. Subsequent Events

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

On January 31, 2022, former Clerk/Treasurer Christa Williams was indicted on one count of Theft in Office, one count of Forgery, one count of Tampering with Records, one count of Telecommunications Fraud, and one count of Filing Incomplete, False and Fraudulent Returns by a Union County Grand Jury following an investigation that found a total of \$81,165 in Village checks issued to both the former Clerk/Treasurer and her husband that were deemed not for a proper public purpose during 2016-2020 as follows:

2016 - \$3,139
2017 - \$12,126
2018 - \$31,900
2019 - \$24,500
2020 - \$9,500

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Unionville Center
Union County
209 Cross Street
Unionville Center, Ohio 43077

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 by fund type of the Village of Unionville Center, Union County, (the Village) as of and for the years ended December 31, 2019, 2018, and 2017, and the related notes to the financial statements and have issued our report thereon dated May 8, 2023 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. In addition, we noted the Village has a net deficiency in the General Fund as of December 31, 2019 and 2018 and the financial impact of COVID-19 and the continuing measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 through 2019-003 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 engagement 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 are described in the accompanying schedule of findings as items 2019-002 and 2019-004.

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 engagement 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

May 8, 2023

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017

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

FINDING NUMBER 2019-001

Material Weakness

Timely Posting of Transactions / Monthly Bank Reconciliations / Council Monitoring

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 Mayor are responsible for reviewing the reconciliations and related support.

During the audit period, receipt and disbursement transactions were not consistently posted timely, with the longest period between transaction and posting dates in the Village's accounting system being 86 days. Since transactions were not posted timely, bank reconciliations weren't completed in a timely manner. In addition, monthly financial reports and bank reconciliations were not provided to the Village Council for review at the subsequent month's meeting. 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 could lead to inaccurate reporting in the annual financial statements. Lastly, the lack of financial reports for timely review inhibits Council members and management from performing their assigned duties and thus increases the risk of theft/fraud and could 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 and/or Mayor should review the monthly cash reconciliations including the related support for reconciling items and other system-generated financial reports and document the reviews.

Officials' Response

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-002

**Noncompliance and Material Weakness
Recording in Incorrect Fund**

Ohio Rev. Code § 5705.10(A) states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

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.

Furthermore, **Ohio Rev. Code § 5728.06(A)**, in part, provides that for the following purposes, an excise tax is hereby imposed on the use of motor fuel to operate on the public highways of this state: to enable the municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; and to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 21 of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code.

Lastly, **Ohio Rev. Code § 4503.02** provides that an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways. Such a tax, in part, is for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the counties' proportion of the cost and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; paying the counties' portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads; paying the principal, interest, and charges on county bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; enabling municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; and paying the principal, interest, and other charges on municipal bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements.

During the audit period, the Village posted receipts and disbursements to improper funds as follows:

- In 2017, 2018, and 2019, there was \$10,909, \$22,089, and \$20,448, respectively, in disbursements posted to the Street Construction, Maintenance, and Repair Fund which did not meet the purposes described in the preceding two paragraphs and/or insufficient documentation was maintained by the Village to support the disbursements met the purposes described above.
- In 2017, \$1,531 in Homestead & Rollback receipts related to the Village's General/Current Expense levies were erroneously posted to the Street Construction, Maintenance, and Repair Fund.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017
(Continued)

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

FINDING NUMBER 2019-002 (Continued)

Noncompliance and Material Weakness
Recording in Incorrect Fund

- In 2018, \$1,451 in Homestead & Rollback receipts related to the Village's General/Current Expense levies and \$618 in Local Government distributions were erroneously posted to the Street Construction, Maintenance, and Repair Fund. Additionally, \$113 in License Tax distributions were erroneously posted to the General Fund.
- In 2019, \$1,466 in Homestead & Rollback receipts related to the Village's General/Current Expense levies were erroneously posted to the Street Construction, Maintenance, and Repair Fund. Additionally, \$210 in License Tax distributions were erroneously posted to the General Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements. After the adjustments were posted, the General Fund had deficit fund balances of (\$46,346) and (\$25,356) at December 31, 2019 and 2018, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes.

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 and posted to the proper funds.

Officials' Response

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

FINDING NUMBER 2019-003

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.

Additionally, 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 that the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-003 (Continued)

**Material Weakness
Financial Reporting**

Adjustments were made to the December 31, 2019, 2018, and 2017 financial statements and accounting system to:

- Properly record \$10,909, \$22,089, and \$20,448 in disbursements in the General Fund rather than the Street Construction, Maintenance, and Repair Fund in 2017, 2018, and 2019, respectively (see Finding 2019-002).
- Properly record \$1,531, \$1,451, and \$1,466 in Homestead & Rollback receipts in the General Fund rather than the Street Construction, Maintenance, and Repair Fund in 2017, 2018, and 2019, respectively (see Finding 2019-002).
- Properly record \$618 in Local Government distributions in the General Fund rather than the Street Construction, Maintenance, and Repair Fund in 2018 (see Finding 2019-002).
- Properly record \$113 and \$210 in License Tax distributions in the Street Construction, Maintenance, and Repair Fund rather than the General Fund in 2018 and 2019, respectively (see 2019-002).
- Properly classify and gross-up Property Tax Receipts (resulting in an increase to receipts and related disbursements) in the General Fund in the amounts of \$3,539 and \$4,663 in 2017 and 2018, respectively.
- Properly record \$9,000 in disbursements in the proper period (2018 rather than 2019) in the Street Construction, Maintenance and Repair Fund.
- Properly classify fund balance included as a budgetary resource from Unassigned to Assigned in the General Fund in the amount of \$3,427 in 2017.
- Properly classify General fund disbursements to the correct disbursement classification in the amounts of \$550 and \$1,600 in 2017 and 2019, respectively.
- Reduce Street Construction, Maintenance, and Repair Fund Intergovernmental Receipts and Transportation Disbursements in the amount of \$1,902 for a duplicate entry in 2018.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$155 to \$1,281 that we have brought to the Village's attention.

Lastly, adjustments were made to the 2019 notes to the financial statements to include budgeted and actual expenditures in Note 3. Additionally, appropriations approved by Council were not properly posted the accounting system in 2019, with posted amounts being greater than approved amounts by \$600 and \$7,800 in the General and Street Construction, Maintenance, and Repair funds, respectively.

When financial transactions are not properly recorded, inaccurate financial reports could be disseminated to the Council and management, as well as financial statement users. Additionally, failure to accurately post appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017
(Continued)

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

FINDING NUMBER 2019-003 (Continued)

Material Weakness
Financial Reporting

We recommend the Village implement internal control procedures over financial reporting to help ensure the completeness and accuracy of the Village's year-end financial statements. The adjustments identified during the audit should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on the financial statements in subsequent years. We further recommend the Village monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials Response

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

FINDING NUMBER 2019-004

Noncompliance
Finding for Recovery

Village of Unionville Center Ordinance No. 16-01, dated May 11, 2016, created the position of Village Fiscal Officer in accordance with **Ohio Rev. Code § 733.262**, with an annual salary of \$2,000.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. **Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010)**.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the government entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose"** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. When designing the Village's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019, 2018, AND 2017
(Continued)

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

FINDING NUMBER 2019-004 (Continued)

Noncompliance
Finding for Recovery

Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle (record keeping, authorization, custody and reconciliation). The Village Council appointed Christa Williams to serve as the Fiscal Officer on January 13, 2016; she was subsequently terminated on September 23, 2020. Ms. Williams was responsible for all aspects related to the Village's finances, including but not limited to: maintaining the financial records for the Village, paying the bills and employee payroll, maintaining the Village's deposit and investment accounts, preparing the official record of Council meeting minutes and submitting financial reports to the Village Council.

We examined 121 checks during Ms. Williams's period of employment issued to either herself or her spouse. We identified the following discrepancies when examining the warrants issued by Ms. Williams:

- 82 warrants totaling \$63,315 to herself that were not for a proper public purpose and later deemed to have been stolen by Ms. Williams.
- 21 warrants to her spouse, Patrick Williams, totaling \$17,850 that were not for a proper public purpose and later deemed to have been stolen by Ms. Williams. Ms. Williams's spouse, Patrick Williams, was not an employee, nor an approved vendor for the Village.

Fiscal Officer Williams received or controlled the public money that was converted or misappropriated.

On February 1, 2023, Ms. Williams was ordered to pay \$89,570 in restitution in Union County Common Pleas Court Case No. 2022-CR-0020 in connection with Ms. Williams pleading guilty to one count of theft in office and one count of tampering with records, both felonies of the third degree. See additional information in the separately issued special audit report.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a Finding for Recovery for public monies converted or misappropriated is hereby issued against Christa Williams and her bonding company, Auto Owners Insurance Company, jointly and severally, in the amount of \$89,570, of which \$81,165 is in favor of the Village's General Fund and \$8,405 in favor of the Auditor of State. On February 1, 2023, Ms. Williams paid \$55,000 in restitution that was posted to the Village's General Fund. Additionally, on November 30, 2022, the Village also received \$15,984 from Auto Owners Insurance Company that was posted to the Village's General Fund.

Officials' Response

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

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF UNIONVILLE CENTER

UNION 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 7/6/2023

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

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