



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances - All Governmental Fund Types – For the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance - Proprietary Fund Type – For the Year Ended December 31, 2019 .....	6
Notes to the Financial Statements – For the Year Ended December 31, 2019 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances - All Governmental Fund Types – For the Year Ended December 31, 2018 .....	14
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance - Proprietary Fund Type – For the Year Ended December 31, 2018 .....	15
Notes to the Financial Statements – For the Year Ended December 31, 2018 .....	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	26

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the 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 West Unity, Williams County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***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, 2019 and 2018, 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 by fund type, and related notes of the Village of West Unity, Williams County, Ohio, as of December 31, 2019 and 2018, 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(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will 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 July 10, 2020, 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

July 10, 2020

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VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$118,293	\$40,663				\$158,956
Municipal Income Tax	594,435			\$297,216		891,651
Intergovernmental Revenue	59,179	106,965		425,401		591,545
Charges for Services	51,000	600				51,600
Fines, Licenses and Permits	24,775	475				25,250
Earnings on Investments	64,870	5,052			\$1,054	70,976
Miscellaneous	12,631	1,324		14,163		28,118
<i>Total Cash Receipts</i>	<u>925,183</u>	<u>155,079</u>		<u>736,780</u>	<u>1,054</u>	<u>1,818,096</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	429,589	170				429,759
Leisure Time Activities		23,968				23,968
Community Environment	3,242				140	3,382
Basic Utility Services	14,735	5,336				20,071
Transportation		81,512				81,512
General Government	242,412	52,317				294,729
Capital Outlay	8,929	4,980		582,012		595,921
<i>Total Cash Disbursements</i>	<u>698,907</u>	<u>168,283</u>		<u>582,012</u>	<u>140</u>	<u>1,449,342</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>226,276</u>	<u>(13,204)</u>		<u>154,768</u>	<u>914</u>	<u>368,754</u>
<b>Other Financing Receipts (Disbursements)</b>						
Transfers-In	240,000			240,000		480,000
Transfers-Out	(240,000)		(\$240,000)			(480,000)
<i>Total Other Financing Receipts (Disbursements)</i>			<u>(240,000)</u>	<u>240,000</u>		
Net Change in Fund Cash Balances	226,276	(13,204)	(240,000)	394,768	914	368,754
Fund Cash Balances, January 1	538,687	318,595	241,896	764,652	52,312	1,916,142
<b>Fund Cash Balances, December 31</b>						
Nonspendable					52,000	52,000
Restricted		305,391		49,822	1,226	356,439
Committed			1,896	869,598		871,494
Assigned	60,350			240,000		300,350
Unassigned	704,613					704,613
<i>Fund Cash Balances, December 31</i>	<u>\$764,963</u>	<u>\$305,391</u>	<u>\$1,896</u>	<u>\$1,159,420</u>	<u>\$53,226</u>	<u>\$2,284,896</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$689,545
Fees, License and Permits	50
Miscellaneous	23,734
	713,329
<b>Operating Cash Disbursements:</b>	
Personal Services	165,430
Fringe Benefits	73,616
Contractual Services	169,398
Supplies and Materials	104,134
Other	9,931
	522,509
<i>Total Operating Cash Disbursements</i>	<i>522,509</i>
<i>Operating Income</i>	<i>190,820</i>
<b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	266
Principal Retirement	(100,133)
Interest and Other Fiscal Charges	(5,080)
Discount on Debt	(266)
	(105,213)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(105,213)</i>
<i>Net Change in Fund Cash Balance</i>	<i>85,607</i>
Fund Cash Balance, January 1	1,208,414
<i>Fund Cash Balance, December 31</i>	<i>\$1,294,021</i>

See accompanying notes to the basic financial statements

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary 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 expended or transferred according to the general laws of Ohio

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

***Street Construction, Maintenance and Repair Fund*** This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

***Park and Recreation Fund*** – This fund receives tax levy money for maintaining and repairing park grounds and facilities.

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

***Other Debt Service Fund*** This fund was used to retire mortgage revenue bonds and loan proceeds received from the Ohio Water Development Authority.

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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

**Other Capital Projects Fund** This fund receives income tax monies and grant monies for maintaining facilities, conducting capital improvements, and purchasing equipment.

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

**Kissell Endowment Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's community (Kissell) building.

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

**Water Fund** This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** This fund receives charges for services from residents to cover sewer service costs.

***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 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 also approve estimated resources.

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***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 *non-spendable* when legally or contractually required to maintain the amounts intact.

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

***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.

***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.

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

***Property, Plant, Equipment***

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.

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,115,409	\$1,165,183	\$49,774
Special Revenue	157,450	155,079	(2,371)
Capital Projects	976,042	976,780	738
Permanent	1,040	1,054	14
Enterprise	671,417	713,595	42,178
Total	\$2,921,358	\$3,011,691	\$90,333

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,021,041	\$941,406	\$79,635
Special Revenue	204,195	168,524	35,671
Debt Service	240,000	240,000	
Capital Projects	723,642	582,012	141,630
Permanent	140	140	
Enterprise	829,975	628,821	201,154
Total	\$3,018,993	\$2,560,903	\$458,090

**Note 4 –Deposits**

The Village maintains a deposit pool all funds use except the Village records identify the purchase of certificates of deposit by individual funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
(Continued)

	2019
Demand deposits	\$3,526,742
Certificates of deposit	52,000
Cash on Hand	175
Total deposits	\$3,578,917

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Note 5 – Taxes**

***Property Taxes***

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

***Income Tax***

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

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

**Note 6 – Risk Management**

The Village has obtained commercial insurance from Tokio Marine/HHC Public Risk, an U.S. Specialty Company for the following risks:

- Comprehensive property and general liability;
- Public official’s liability
- Law enforcement liability
- Inland Marine
- Crime
- Vehicles; and
- Errors and omissions

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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The Village has obtained a separate Cyber Security Insurance from Lloyd's/CFC Underwriting Limited for that risk.

**Note 7 – Retirement Systems**

***Ohio Public Employees Retirement System***

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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

The Village's full-time Police Officers participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

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

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.



**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 9 – Debt**

The Schedule of Outstanding Debt at December 31, 2019 was as follows:

	Principal	Interest Rate
OWDA Water Loan	\$51,653	4.00%

The Ohio Water Development Authority (OWDA) Water Treatment Plant loan relates to construction of the new water treatment plant. There is one remaining payment of \$52,686 due July 1, 2020. The interest rate was lowered to 4% from 4.12%. The loan will be paid through the collection of a user charge for consumer Water/Sewer Services.

OWDA loaned the Village \$2,679,850 to fund the costs of an expansion project at the water and sewer plant mandated by Ohio Environmental Protection Agency. This project was concluded in July 2019. OWDA granted the Village forgiveness of the loan principal amount.

The OWDA Elevated Storage Tank loan related to construction of the new water tower. The loan is to be repaid in semi-annual installments, with an interest rate of 0.53%. The length of the loan is 20 years. The loan will be paid through the collection of a user charge for consumer water services. The loan has not been finalized, therefore, an amortization schedule for this loan is not available.

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

	General Obligation Bonds
Year ending December 31:	
2020	\$52,686

**Note 10 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – Transfers**

The Village transferred \$240,000 of the Debt Service Fund balance to the General Fund since the debt obligation has been met and the monies are no longer needed in the Debt Service Fund. The Village also transferred \$240,000 from the General Fund to the Capital Projects Fund to be used for the renovations to the Water and Sewer treatment facilities.

VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$113,820	\$40,188				\$154,008
Municipal Income Tax	616,628			\$239,800		856,428
Intergovernmental Revenue	56,100	100,685	\$392	2,059,016		2,216,193
Special Assessments	1			3,150		3,151
Charges for Services	45,000	480				45,480
Fines, Licenses and Permits	24,811	175				24,986
Earnings on Investments	38,709	3,457			\$379	42,545
Miscellaneous	14,050	1,504				15,554
<i>Total Cash Receipts</i>	<u>909,119</u>	<u>146,489</u>	<u>392</u>	<u>2,301,966</u>	<u>379</u>	<u>3,358,345</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	370,079	1,517				371,596
Leisure Time Activities		22,485				22,485
Community Environment	3,058				107	3,165
Basic Utility Services	10,957	4,345				15,302
Transportation		82,423				82,423
General Government	274,815	36,501				311,316
Capital Outlay	8,272	8,616		2,165,103		2,181,991
Debt Service						
Principal Retirement			69,948			69,948
Interest and Other Fiscal Charges			1,441			1,441
<i>Total Cash Disbursements</i>	<u>667,181</u>	<u>155,887</u>	<u>71,389</u>	<u>2,165,103</u>	<u>107</u>	<u>3,059,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>241,938</u>	<u>(9,398)</u>	<u>(70,997)</u>	<u>136,863</u>	<u>272</u>	<u>298,678</u>
<b>Other Financing Disbursements</b>						
Discount on Debt			(392)			(392)
Net Change in Fund Cash Balances	241,938	(9,398)	(71,389)	136,863	272	298,286
Fund Cash Balances, January 1	296,749	327,993	313,285	627,789	52,040	1,617,856
<b>Fund Cash Balances, December 31</b>						
Nonspendable					52,000	52,000
Restricted		318,595		43,662	312	362,569
Committed			241,896	720,990		962,886
Unassigned	538,687					538,687
<i>Fund Cash Balances, December 31</i>	<u>\$538,687</u>	<u>\$318,595</u>	<u>\$241,896</u>	<u>\$764,652</u>	<u>\$52,312</u>	<u>\$1,916,142</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$676,859
Miscellaneous	18,455
	695,314
<i>Total Operating Receipts</i>	695,314
<b>Operating Cash Disbursements:</b>	
Personal Services	160,374
Fringe Benefits	85,277
Contractual Services	137,383
Supplies and Materials	102,345
Other	9,544
	494,923
<i>Total Operating Cash Disbursements</i>	494,923
<i>Operating Income</i>	200,391
<b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	470
Principal Retirement	(96,046)
Interest and Other Fiscal Charges	(8,571)
Discount on Debt	(470)
	(104,617)
<i>Total Non-Operating Receipts (Disbursements)</i>	(104,617)
Net Change in Fund Cash Balance	95,774
Fund Cash Balance, January 1	1,112,640
<i>Fund Cash Balance, December 31</i>	\$1,208,414

See accompanying notes to the basic financial statements

**Village of West Unity**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary 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 expended or transferred according to the general laws of Ohio

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

***Street Construction, Maintenance and Repair Fund*** This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

***Park and Recreation Fund*** – This fund receives tax levy money for maintaining and repairing park grounds and facilities.

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

***Other Debt Service Fund*** This fund was used to retire mortgage revenue bonds and loan proceeds received from the Ohio Water Development Authority.

**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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

**Other Capital Projects Fund** This fund receives income tax monies and grant monies for maintaining facilities, conducting capital improvements, and purchasing equipment.

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

**Kissell Endowment Fund** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's community (Kissell) building.

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

**Water Fund** This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** This fund receives charges for services from residents to cover sewer service costs.

***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 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 also approve estimated resources.

**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***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 *non-spendable* when legally or contractually required to maintain the amounts intact.

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

***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.

***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

**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
(Continued)

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Property, Plant, Equipment***

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.

**Note 3 – Budgetary Activity**

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$864,385	\$909,119	\$44,734
Special Revenue	145,006	146,489	1,483
Debt Service	392	392	
Capital Projects	2,292,167	2,301,966	9,799
Permanent	140	379	239
Enterprise	696,200	695,784	(416)
Total	\$3,998,290	\$4,054,129	\$55,839

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$752,488	\$669,486	\$83,002
Special Revenue	194,234	156,227	38,007
Debt Service	71,781	71,781	
Capital Projects	2,369,167	2,165,103	204,064
Permanent	140	107	33
Enterprise	791,877	601,145	190,732
Total	\$4,179,687	\$3,663,849	\$515,838

**Note 4 – Deposits Equity in Pooled Deposits**

The Village maintains a deposit pool all funds use except the Village records identify the purchase of certificates of deposit by individual funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	2018
Demand deposits	\$3,072,381
Certificates of deposit	52,000
Cash on Hand	175
Total deposits	\$3,124,556

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 February 20. The second half payment is due the following July 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 Tax***

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

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

**Note 6 – Risk Management**

The Village has obtained commercial insurance from Tokio Marine/HHC Public Risk, an U.S. Specialty Company for the following risks:

- Comprehensive property and general liability;
- Public official’s liability
- Law enforcement liability
- Inland Marine
- Crime
- Vehicles; and
- Errors and omissions



**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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The Village has obtained a separate Cyber Security Insurance from Lloyd's/CFC Underwriting Limited for that risk.

**Note 7 – Retirement Systems**

***Ohio Public Employees Retirement System***

Some 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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

The Village's full-time Police Officers participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 – Debt**

The Schedule of Outstanding Debt at December 31, 2018 was as follows:

**Village of West Unity, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Principal	Interest Rate
OWDA Water Loan	\$151,785	4.00%

The Ohio Water Development Authority (OWDA) Water Treatment Plant loan relates to construction of the new water treatment plant. The loan is to be repaid in semiannual installments. The length of the loan is 10 years with the last payment due July 1, 2020. The interest rate was lowered to 4% from 4.12%. The loan will be paid through the collection of a user charge for consumer Water/Sewer Services.

OWDA loaned the Village \$2,679,850 to fund the costs of an expansion project at the water and sewer plant mandated by Ohio Environmental Protection Agency. This project was concluded in July 2019. OWDA granted the Village forgiveness of the loan principal amount.

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

	General Obligation Bonds
Year ending <u>December 31:</u>	<u>          </u>
2019	\$105,213
2020	52,686
Total	<u><u>\$157,899</u></u>

**Note 10 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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NorthwestRegion@ohioauditor.gov

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

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

To the Village Council:

We have audited, in accordance with 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 West Unity, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2020, 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 ensuing emergency measures will 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village’s internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

July 10, 2020

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Financial Reporting – 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 and .A16.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires, in part and codified as GASB Code 1800.165 - .179, fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following fund balance classification errors were noted in the financial statements:

- In 2018, unassigned fund balance in the General Fund of \$507,493 was misclassified as assigned. In 2019, appropriations did not exceed estimated revenues, therefore the assignment was not required.
- In 2018, committed fund balance of \$60,199 and restricted fund balance of \$39,801 were incorrectly classified as assigned in the Capital Projects Fund since restricted resources should be applied first when expenditures are incurred.
- In 2019, restricted fund balance of \$45,961 and assigned fund balance of \$90,000 were incorrectly classified as committed in the Capital Projects Fund since restricted resources should be applied first when expenditures are incurred.
- In 2018, restricted fund balance of \$312 was incorrectly classified as committed in the Permanent Fund. Interest earnings from the nonspendable resources should be classified as restricted.
- In 2019, restricted fund balance of \$1,226 was incorrectly classified as committed and assigned in the Capital Projects Fund. Interest earnings from the nonspendable resources should be classified as restricted.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2019 and 2018.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions.

The Fiscal Officer can also refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

**Officials' Response**

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

**Village Administrator**  
Joshua Fritsch

**Fiscal Officer**  
Sarah Higdon

**Deputy Clerk**  
Samantha Taylor

**Chief of Police**  
J.R. Jones



*"Northwestern Ohio Community  
Of Pride and Unity"*

**Mayor**  
Don Leu

**Council Members**  
Kevin Gray, Pres.  
Mike Beals  
Terri Lebowsky  
Nathan Massie  
Stephen Marvin  
David Short

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Finding first reported in 2017. Ohio Rev. Code §5705.10(F) for the failure to record proceeds from the sale of capital assets in a permanent improvements fund.	Not corrected and reissued in the Management Letter.	Additional errors in less significant amounts occurred and were not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.
2017-002	Finding first reported in 2015. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2019-001 in this report.	Additional errors occurred were not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WEST UNITY**

**WILLIAMS COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 28, 2020**