

VILLAGE OF WEST UNION
ADAMS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



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Members of Village Council
Village of West Union
P. O. Box 395
West Union

We have reviewed the *Independent Auditor's Report* of the Village of West Union, Adams County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of West Union is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 23, 2025

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Village of West Union
Adams County
Table of Contents
For the Years Ended December 31, 2022 and 2021

Title	Page
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022.....	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2022	5
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2022	6
Notes to the Financial Statements – For the Year Ended December 31, 2022.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2021.....	20
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2021	21
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2021	22
Notes to the Financial Statements – For the Year Ended December 31, 2021.....	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36
Schedule of Findings and Responses	38
Schedule of Prior Audit Findings.....	42

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Independent Auditor's Report

Village Council
Village of West Union
Adams County
PO Box 395
West Union, Ohio 45693

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of West Union, Adams County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2022, and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

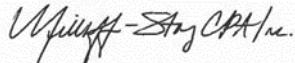
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 23, 2025

Village of West Union
Adams County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	General	
Cash Receipts:				
Property and Other Local Taxes	\$ 52,116	\$ 49,653	\$ 101,769	
Municipal Income Tax	871,483	-	871,483	
Intergovernmental	62,973	362,226	425,199	
Special Assessments	-	6,378	6,378	
Charges for Services	450	488,084	488,534	
Fines, Licenses and Permits	51,156	2,119	53,275	
Earnings on Investments	6,702	-	6,702	
Miscellaneous	34,311	10,609	44,920	
 Total Cash Receipts	 1,079,191	 919,069	 1,998,260	
Cash Disbursements:				
Current:				
Security of Persons and Property	407,778	709,587	1,117,365	
Basic Utility Services	63,574	-	63,574	
Transportation	-	177,980	177,980	
General Government	487,604	19,000	506,604	
Capital Outlay	87,468	357,776	445,244	
Debt Service:				
Redemption of Principal	-	58,462	58,462	
Interest and Other Fiscal Charges	-	4,287	4,287	
 Total Cash Disbursements	 1,046,424	 1,327,092	 2,373,516	
 Excess of Receipts Over (Under) Disbursements	 32,767	 (408,023)	 (375,256)	
Other Financing Receipts (Disbursements):				
Sale of Capital Assets	-	4,700	4,700	
Transfers In	-	61,077	61,077	
Transfers Out	(61,077)	-	(61,077)	
 Total Other Financing Receipts (Disbursements)	 (61,077)	 65,777	 4,700	
 Net Change in Fund Cash Balances	 (28,310)	 (342,246)	 (370,556)	
 Fund Cash Balances, January 1	 511,697	 890,129	 1,401,826	
 Fund Cash Balances, December 31	 \$ 483,387	 \$ 547,883	 \$ 1,031,270	

The notes to the financial statements are an integral part of this statement.

Village of West Union

Adams County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)

Proprietary Fund Type

For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,809,049
Total Operating Cash Receipts	<u>1,809,049</u>
Operating Cash Disbursements:	
Personal Services	238,546
Employee Fringe Benefits	103,129
Contractual Services	198,421
Supplies and Materials	187,599
Other	<u>315,422</u>
Total Operating Cash Disbursements	<u>1,043,117</u>
Operating Income	<u>765,932</u>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	4,040,892
Special Assessments	11,587
Principal Retirement	(4,430,834)
Interest and Fiscal Charges	(89,119)
Capital Outlay	(4,627,136)
Other Debt Proceeds	4,428,556
Miscellaneous	<u>5,612</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>(660,442)</u>
Net Change in Fund Cash Balances	105,490
Fund Cash Balances, January 1	<u>766,868</u>
Fund Cash Balances, December 31	<u>\$ 872,358</u>

The notes to the financial statements are an integral part of this statement.

Village of West Union

Adams County

Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)

Fiduciary Fund Type

For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
	Other Custodial
<hr/>	
Additions:	
Fines, Licenses and Permits for Distribution	\$ 36,949
Total Additions	<hr/> 36,949
<hr/>	
Deductions:	
Distributions to Other Governments	5,775
Distributions to Other Funds (Primary Government)	33,035
Other Distributions	<hr/> 95
Total Deductions	<hr/> 38,905
Net Change in Fund Balances	(1,956)
Fund Cash Balances, January 1	<hr/> 3,478
Fund Cash Balances, December 31	\$ 1,522
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The notes to the financial statements are an integral part of this statement.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of West Union, Ohio, (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, Fire, Emergency Medical, and Police services, and Mayor's Court. The Village appropriates monies to support a volunteer fire department.

Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool and is associated with a related organization. Notes 13 and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Special Assessment The Special Assessment Fund is a fund that receives \$63,600.00 from the General Fund for the building of a new sidewalk called SR41 Shared Use Path. The sidewalk was completed in December 2022. The Village has secured a loan from the National Bank of Adams County for \$180,000.00. The pay back will be for three years and the amount to be payed back will be \$188,245.92 in 6 equal payments. The money for the payback will be transferred from the General Fund and is given to this fund in equal monthly amounts.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Enterprise Improvement Fund Sewer This fund receives money for various sewer projects funded primarily through grants and loans from the Ohio Water Development Authority.

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had no investments at year-end.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$14,940, the Street Construction fund by \$30,404, the Permissive MVLT fund by \$34,772, the EMS-Medicare/Medicaid/Billing fund by \$260,842, the Sewer Debt Service fund by \$654,092, and the Enterprise Improvement – Sewer fund by \$818,055 for the year ended December 31, 2022.

Contrary to Ohio law, the Village had \$1,670,166 in uncollateralized monies at December 31, 2022.

Contrary to Ohio law, the Village did not properly encumber funds prior to commitment.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$964,050	\$1,079,191	\$115,141
Special Revenue	935,966	984,846	48,880
Enterprise	9,922,924	10,295,696	372,772
Total	<u>\$11,822,940</u>	<u>\$12,359,733</u>	<u>\$536,793</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,110,965	\$1,125,905	(\$14,940)
Special Revenue	806,968	1,410,464	(603,496)
Enterprise	9,466,560	10,234,196	(767,636)
Total	<u>\$11,384,493</u>	<u>\$12,770,565</u>	<u>(\$1,386,072)</u>

Note 5 – Deposits

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

		2022
<i>Cash Management Pool:</i>		
Demand deposits		\$1,905,150
Total deposits		<u>1,905,150</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and pooled with other public funds at the National Bank of Adams County then pledged. This method of pledged collateral is no longer allowable per Ohio law. At December 31, 2022, \$1,670,166 of deposits were not insured or collateralized in accordance with Ohio law.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 7 – Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management (continued)

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2022
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

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

	Principal	Interest Rate
NBoAC - SR41 Shared Use Path Loan	\$121,538	2.59%
OWDA Loan 9614	\$649,927	0.50%
OWDA Loan 2133	\$34,327	5.86%
OWDA Loan 6448	\$872,392	1.99%
OWDA Loan 6811	\$1,629,094	1.50%
OWDA Loan 8215	\$388,411	0.00%
OWDA Loan 8692	\$6,094,109	0.00%
OPWC CT85V	\$61,999	0.00%
OWDA Loan 4981*	\$954,497	1.00%
OWDA Loan 5956*	\$319,379	0.00%
OPWC CO15L*	<u>\$249,750</u>	0.00%
Total	<u>\$11,375,423</u>	

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

The National Bank of Adams County loan relates to Phase I of the State Route 41 Shared Use Path project. In 2021, the Bank issued \$180,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$31,374, including interest, over 3 years, with the final payment being made in 2024.

The Ohio Water Development Authority (OWDA) loan #9614 is a refunding of a USDA Rural Development Sewer Bond issued in 1995. Water/Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The proceeds of the refunding loan were used to pay the refunded debt in full and are included as debt service principal (\$662,400) on the accompanying financial statements. The Village will repay the loan in semiannual installments of \$29,113, including interest, over 12 years, with the final payment being made in 2034.

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

The Ohio Water Development Authority (OWDA) loan #6448 relates to the Main Street Water Main Replacement project. In 2013, OWDA issued \$1,457,561 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$44,349, including interest, over 20 years, with the final payment being made in 2034. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6811 relates to a Water System Improvements project. In 2017, OWDA issued \$1,889,655 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$39,014, including interest, over 30 years, with the final payment being made in 2048. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8215 relates to a Pump Station Rehabilitation project. The OWDA approved up to \$2,667,503 in loans to the Village for this project, with \$2,200,000 being Principal Forgiveness. The Village will repay the loans in semiannual installments of \$11,688 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8692 relates to the Wastewater Treatment Plant Improvement project. In 2019, OWDA approved up to \$10,026,574 in loans to the Village for this project, with \$3,496,526 being Principal Forgiveness. This loan was used to pay off OWDA loan #8323 in full during 2019. The Village will repay the loans in semiannual installments of \$108,834 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

The Ohio Water Development Authority (OWDA) loan #9263 relates to the Gabbert Subdivision Sewer Extension project. The OWDA approved up to \$425,548 in loans to the Village for this project. The balance of this loan in the amount of \$319,759 was paid off with the proceeds of OWDA loan #9982 prior to December 31, 2022.

The Ohio Water Development Authority (OWDA) loan #9982 relates to the Gabbert Subdivision Sewer Extension project. The OWDA approved up to \$4,500,000 in loans to the Village for this project, with \$4,000,000 being Principal Forgiveness. The proceeds of this loan were partially utilized to pay off the balance of OWDA loan #9263. The Village utilized \$319,759 of these funds in 2022, which were subsequently forgiven. Total Principal Forgiveness issued on this loan is \$319,759. The loan balance was \$0 as of December 31, 2022.

The Ohio Water Development Authority (OWDA) loan #9530 relates to the Panhandle Subdivision Sewer Expansion project. The OWDA approved up to \$3,391,053 in loans to the Village for this project, with \$3,000,000 being Principal Forgiveness. The Village utilized \$1,153,628 of these funds in 2022, which were subsequently forgiven. Total Principal Forgiveness issued on this loan is \$1,284,244. The loan balance was \$0 as of December 31, 2022.

The Ohio Water Development Authority (OWDA) loan #8984 relates to the Crackel Subdivision Sewer Extension project. The OWDA approved up to \$2,651,715 in loans to the Village for this project, with the full amount being Principal Forgiveness. The Village utilized \$1,417,717 of these funds in 2022, which were subsequently forgiven. Total Principal Forgiveness issued on this loan is \$2,330,625. The loan balance was \$0 as of December 31, 2022.

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

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

The Ohio Water Development Authority (OWDA) loan #5956 relates to the Phase II Wastewater Improvements project. In 2012, OWDA issued \$1,610,530 in loans at 0% interest rates to Adams County for this project. The County repaid the loan down to \$420,236 at time of transfer. The Village will continue repayments in semiannual installments of \$16,809, over its remaining life, with the final payment being made in 2032. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Amortization

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

Year Ending December 31:	NBoAC Shared Use Path	OWDA Loan #2133	OWDA Loan #6448	OWDA Loan #6811	OWDA Loan #8215	OWDA Loan #8692
2023	\$62,766	\$35,694	\$44,349	\$39,014	\$0	\$0
2024	62,766	0	88,698	78,027	23,375	108,834
2025	0	0	88,698	78,027	23,375	217,669
2026	0	0	88,698	78,027	23,375	217,669
2027	0	0	88,698	78,027	23,375	217,669
2028-2032	0	0	443,488	390,137	116,876	1,088,341
2033-2037	0	0	133,047	390,137	116,876	1,088,341
2038-2042	0	0	0	390,137	61,159	1,088,341
2043-2047	0	0	0	390,137	0	1,088,341
2048-2051	0	0	0	39,014	0	978,904
Total	<u>\$125,532</u>	<u>\$35,694</u>	<u>\$975,676</u>	<u>\$1,950,684</u>	<u>\$388,411</u>	<u>\$6,094,109</u>

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

Year Ending December 31:	OWDA Loan #4981	OWDA Loan #5956	OWDA Loan #9614	OPWC Loan CT85V	OPWC Loan CO15L
2023	\$27,643	\$16,809	\$29,113	\$1,771	\$6,750
2024	55,285	33,619	58,226	3,543	13,500
2025	55,285	33,619	58,226	3,543	13,500
2026	55,285	33,619	58,226	3,543	13,500
2027	55,285	33,619	58,226	3,543	13,500
2028-2032	276,427	168,094	291,133	17,714	67,500
2033-2037	276,427	0	116,453	17,714	67,500
2038-2042	248,784	0	0	10,628	54,000
2043-2047	0	0	0	0	0
2048-2051	0	0	0	0	0
Total	<u>\$1,050,421</u>	<u>\$319,379</u>	<u>\$669,603</u>	<u>\$61,999</u>	<u>\$249,750</u>

Note 11 – Construction and Contractual Commitments

The Village has the following outstanding construction commitments at December 31, 2022:

<u>Project Name</u>	<u>Funding Source</u>	<u>Remaining Project Commitments</u>	<u>Amount</u>
Gabbert Hale Sanitary Sewer	OWDA #9982	Contingencies CT Consultants	\$20,288 \$85,501
Panhandle Subdivision Sewer Expansion	OWDA #9530/9531	WAI Construction Group CT Consultants	\$1,737,062 \$196,968
Gabbert Subdivision Sewer Extension	OWDA #9263	CT Consultants	\$268,914
Crackel Subdivision Sewer Extension	OWDA #8984/8985	Lloyd's Excavating, LLC CT Consultants	\$285,205 \$33,369

Note 12 – Contingent Liabilities

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

Note 13 – Public Entity Risk Pool

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Related Organizations

The Village's volunteer fire department established the West Union Firemen's Building Association, a nonprofit organization, for the purpose of owning a building to house the fire-fighting equipment owned by the Village. The Village pays the Association a monthly fee for this equipment storage and employee reimbursements. A total of \$72,000 was paid to the Association during 2022.

Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	18,404	83,372	101,776
<i>Total</i>	<i>\$18,404</i>	<i>\$83,372</i>	<i>\$101,776</i>

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

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received \$166,881 in 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 funding, either federal or state, cannot be estimated.

Note 17 – Subsequent Events

The Ohio Water Development Authority (OWDA) loan #10356 relates to the North Street Water Line Replacement project. In June 2023, the OWDA approved up to \$1,575,430 in loans to the Village for this project. As of the date of this report, the loan balance for this project is \$1,337,651. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In October 2024, the Village received a FEMA grant in the amount of \$225,686 for the Village fire department.

In November 2024, the Village received a Strategic Community Investments Grant for \$200,000 from the State of Ohio for the Wastewater Plant Improvement project.

Village of West Union
Adams County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue		
Cash Receipts:				
Property and Other Local Taxes	\$ 55,240	\$ 50,312	\$	105,552
Municipal Income Tax	891,147	-	891,147	
Intergovernmental	63,252	377,622	440,874	
Special Assessments	-	2,610	2,610	
Charges for Services	191	688,340	688,531	
Fines, Licenses and Permits	65,466	3,532	68,998	
Earnings on Investments	796	-	796	
Miscellaneous	58,602	79,834	138,436	
 Total Cash Receipts	 1,134,694	 1,202,250	 2,336,944	
Cash Disbursements:				
Current:				
Security of Persons and Property	461,183	710,373	1,171,556	
Basic Utility Services	35,226	-	35,226	
Transportation	-	190,557	190,557	
General Government	485,295	-	485,295	
Capital Outlay	27,000	147,419	174,419	
 Total Cash Disbursements	 1,008,704	 1,048,349	 2,057,053	
Excess of Receipts Over (Under) Disbursements	125,990	153,901	279,891	
Other Financing Receipts (Disbursements):				
Other Debt Proceeds	-	180,000	180,000	
Transfers In	-	49,996	49,996	
Transfers Out	(49,996)	-	(49,996)	
 Total Other Financing Receipts (Disbursements)	 (49,996)	 229,996	 180,000	
Extraordinary Item	32,780	-	32,780	
Net Change in Fund Cash Balances	108,774	383,897	492,671	
Fund Cash Balances, January 1	402,923	506,232	909,155	
Fund Cash Balances, December 31	<u>\$ 511,697</u>	<u>\$ 890,129</u>	<u>\$ 1,401,826</u>	

The notes to the financial statements are an integral part of this statement.

Village of West Union

Adams County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)

Proprietary Fund Type

For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,697,848
Total Operating Cash Receipts	<u>1,697,848</u>
Operating Cash Disbursements:	
Personal Services	311,817
Employee Fringe Benefits	126,062
Contractual Services	159,830
Supplies and Materials	190,186
Other	<u>331,860</u>
Total Operating Cash Disbursements	<u>1,119,755</u>
Operating Income	<u>578,093</u>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	1,110,830
Special Assessments	10,115
Principal Retirement	(1,687,724)
Interest and Fiscal Charges	(93,264)
Capital Outlay	(4,233,009)
Other Debt Proceeds	4,241,018
Miscellaneous	<u>30,880</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>(621,154)</u>
Net Change in Fund Cash Balances	<u>(43,061)</u>
Fund Cash Balances, January 1	<u>809,929</u>
Fund Cash Balances, December 31	<u>\$ 766,868</u>

The notes to the financial statements are an integral part of this statement.

Village of West Union
Adams County
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
	Other Custodial
Additions:	
Fines, Licenses and Permits for Distribution	\$ 54,858
Total Additions	<u>54,858</u>
Deductions:	
Distributions to Other Governments	4,746
Distributions to Other Funds (Primary Government)	46,025
Other Distributions	<u>859</u>
Total Deductions	<u>51,630</u>
Net Change in Fund Balances	3,228
Fund Cash Balances, January 1	<u>250</u>
Fund Cash Balances, December 31	<u>\$ 3,478</u>

The notes to the financial statements are an integral part of this statement.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of West Union, Ohio, (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, Fire, Emergency Medical, and Police services, and Mayor's Court. The Village appropriates monies to support a volunteer fire department.

Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool and is associated with a related organization. Notes 13 and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

Enterprise Improvement Fund Sewer This fund receives money for various sewer projects funded primarily through grants and loans from the Ohio Water Development Authority.

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had no investments at year-end.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Operating fund by \$7,805, the Emergency Medical Services fund by \$19,306, the Sewer Operating fund by \$114,856, and the Enterprise Improvement – Sewer fund by \$355,252 for the year ended December 31, 2021.

Contrary to Ohio law, the Village had \$1,948,013 in uncollateralized monies at December 31, 2021.

Contrary to Ohio law, the Village did not properly encumber funds prior to commitment.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$905,620	\$1,134,694	\$229,074
Special Revenue	1,343,106	1,432,246	89,140
Enterprise	14,913,351	7,090,691	(7,822,660)
Total	\$17,162,077	\$9,657,631	(\$7,504,446)

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity (continued)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$1,168,200	\$1,079,770	\$88,430
Special Revenue	935,700	1,365,808	(430,108)
Enterprise	9,760,008	7,464,052	2,295,956
Total	<u>\$11,863,908</u>	<u>\$9,909,630</u>	<u>\$1,954,278</u>

Note 5 – Deposits

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$2,172,172</u>
Total deposits	<u>2,172,172</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and pooled with other public funds at the National Bank of Adams County then pledged. This method of pledged collateral is no longer allowable per Ohio law. At December 31, 2021, \$1,948,013 of deposits were not insured or collateralized in accordance with Ohio law.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 7 – Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (continued)

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 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, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Postemployment Benefits (continued)

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
NBoAC - SR41 Shared Use Path Loan	\$180,000	2.59%
USDA Rural Development Sewer Bond	\$662,400	4.50%
OWDA Loan 2133	\$101,068	5.86%
OWDA Loan 6448	\$942,678	1.99%
OWDA Loan 6811	\$1,682,732	1.50%
OWDA Loan 8215	\$414,775	0.00%
OWDA Loan 8692	\$5,634,476	0.00%
OWDA Loan 9263	\$136,346	0.00%
OPWC CT85V	\$65,542	0.00%
OWDA Loan 4981*	\$999,897	1.00%
OWDA Loan 5956*	\$352,998	0.00%
OPWC CO15L*	<u>\$263,250</u>	<u>0.00%</u>
Total	<u><u>\$11,436,162</u></u>	

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

The National Bank of Adams County loan relates to Phase I of the State Route 41 Shared Use Path project. In 2021, the Bank issued \$180,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$31,374, including interest, over 3 years, with the final payment being made in 2024.

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

The Ohio Water Development Authority (OWDA) loan #6448 relates to the Main Street Water Main Replacement project. In 2013, OWDA issued \$1,457,561 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$44,349, including interest, over 20 years, with the final payment being made in 2034. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6811 relates to a Water System Improvements project. In 2017, OWDA issued \$1,889,655 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$39,014, including interest, over 30 years, with the final payment being made in 2048. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8215 relates to a Pump Station Rehabilitation project. The OWDA approved up to \$2,667,503 in loans to the Village for this project, with \$2,200,000 being Principal Forgiveness. The Village will repay the loans in semiannual installments of \$11,688 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #8692 relates to the Wastewater Treatment Plant Improvement project. In 2019, OWDA approved up to \$10,026,574 in loans to the Village for this project, with \$3,496,526 being Principal Forgiveness. This loan was used to pay off OWDA loan #8323 in full during 2019. The Village will repay the loans in semiannual installments of \$108,834 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #9263 relates to the Gabbert Subdivision Sewer Extension project. The OWDA approved up to \$425,548 in loans to the Village for this project. No amortization schedule is available as of December 31, 2021. The Loan balance for this project at year-end was \$136,346. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

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

The Ohio Water Development Authority (OWDA) loan #5956 relates to the Phase II Wastewater Improvements project. In 2012, OWDA issued \$1,610,530 in loans at 0% interest rates to Adams County for this project. The County repaid the loan down to \$420,236 at time of transfer. The Village will continue repayments in semiannual installments of \$16,809, over its remaining life, with the final payment being made in 2032. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) loan #8798 relates to the Panhandle Subdivision Sewer Expansion project. The OWDA approved up to \$277,508 in loans to the Village for this project. The OWDA issued \$134,258 in disbursements in 2021, which were subsequently paid off by the loan proceeds of OWDA #9530 and OWDA #9531.

The Ohio Water Development Authority (OWDA) loan #8984 relates to Improvements to Wastewater Treatment Plant. The OWDA approved up to \$2,651,715 in loans to the Village for this project, with the full amount being Principal Forgiveness. As of December 31, 2021, \$912,908 of Principal Forgiveness had been issued.

The Ohio Water Development Authority (OWDA) loan #9530 relates to the Panhandle Subdivision Sewer Expansion project. The OWDA approved up to \$3,391,053 in loans to the Village for this project, with \$3,000,000 being Principal Forgiveness. As of December 31, 2021, \$130,616 of Principal Forgiveness had been issued.

Amortization

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

Year Ending December 31:	NBoAC Shared Use Path	OWDA Loan #2133	OWDA Loan #6448	OWDA Loan #6811	OWDA Loan #8215	OWDA Loan #8692
2022	\$62,766	\$35,091	\$44,349	\$39,014	\$26,364	\$0
2023	62,766	71,387	88,698	78,027	\$0	0
2024	62,766	0	88,698	78,027	23,375	108,834
2025	0	0	88,698	78,027	23,375	217,669
2026	0	0	88,698	78,027	23,375	217,669
2027-2031	0	0	443,488	390,137	116,876	1,088,341
2032-2036	0	0	221,741	390,137	116,876	1,088,341
2037-2041	0	0	0	390,137	84,534	1,088,341
2042-2046	0	0	0	390,137	0	1,088,341
2047-2051	0	0	0	117,044	0	736,940
Total	<u>\$188,298</u>	<u>\$106,478</u>	<u>\$1,064,370</u>	<u>\$2,028,714</u>	<u>\$414,775</u>	<u>\$5,634,476</u>

Year Ending December 31:	OWDA Loan #4981	OWDA Loan #5956	USDA Rural Development Loan 92-07	OPWC Loan CT85V	OPWC Loan CO15L
2022	\$27,643	\$16,809	\$67,208	\$1,771	\$6,750
2023	55,285	33,619	67,425	3,543	13,500
2024	55,285	33,619	67,556	3,543	13,500
2025	55,285	33,619	67,803	3,543	13,500
2026	55,285	33,619	67,954	3,543	13,500
2027-2031	276,427	168,094	343,770	17,714	67,500
2032-2036	276,427	33,619	209,564	17,714	67,500
2037-2041	276,427	0	0	14,171	67,500
2042-2046	27,643	0	0	0	0
2047-2051	0	0	0	0	0
Total	<u>\$1,105,707</u>	<u>\$352,998</u>	<u>\$891,280</u>	<u>\$65,542</u>	<u>\$263,250</u>

As of the date of this audit report, an amortization schedule is not yet available for OWDA loan #9263. This loan is excluded from the above table.

Debt Service Trust Funds

The Wastewater Plant was remodeled in 1995 through a USDA loan. This agreement required the Village to establish a debt service fund to be maintained by the Village. The Village has established this Sewer Reserve Fund. At December 31, 2021, this fund had \$112,035.

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Construction and Contractual Commitments

The Village has the following outstanding construction commitments at December 31, 2021:

<u>Project Name</u>	<u>Funding Source</u>	<u>Remaining Project Commitments</u>	<u>Amount</u>
Panhandle Subdivision Sewer Expansion	OWDA #9530/9531	WAI Construction Group Contingencies CT Consultants Force Account	\$2,832,841 \$383,284 \$314,569 \$30,000
Crackel Subdivision Sewer Extension	OWDA #8984/8985	Lloyd's Excavating, LLC CT Consultants	\$1,239,974 \$96,677
Wastewater Treatment Plant	OWDA #8692	Building Crafts, Inc	\$411,654

Note 12 – Contingent Liabilities

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

Note 13 – Public Entity Risk Pool

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

Note 14 – Related Organizations

The Village's volunteer fire department established the West Union Firemen's Building Association, a nonprofit organization, for the purpose of owning a building to house the fire-fighting equipment owned by the Village. The Village pays the Association a monthly fee for this equipment storage and employee reimbursements. A total of \$72,000 was paid to the Association during 2021.

Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special		
	General	Revenue	Total
Outstanding Encumbrances	21,070	317,459	338,529
<i>Total</i>	<i>\$21,070</i>	<i>\$317,459</i>	<i>\$338,529</i>

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

Village of West Union, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the Village received \$165,559 in 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 funding, either federal or state, cannot be estimated.

Note 17 – Subsequent Events

In 2022, \$2,891,104 in OWDA loans (#8984, #9530, and #9982) were issued and the full amount in principal forgiveness was applied to the Crackel Subdivision Sewer Extension project, the Panhandle Subdivision Sewer Expansion project, and the Gabbert Hale Sanitary Sewer project. As of December 31, 2022, the loan balance for these three projects was \$0.

In 2022, the Ohio Water Development Authority (OWDA) approved loan #9614, the proceeds of which were used to refund the USDA Rural Development Sewer Bond issued in 1995. The balance of the USDA Bonds were paid off in March 2022.

In 2022, additional disbursements of \$677,602 were issued on Ohio Water Development Authority (OWDA) loan #8692.

In 2022, additional disbursements of \$183,413 were issued on Ohio Water Development Authority (OWDA) loan #9263. The balance of this loan was paid off in 2022 with the proceeds of OWDA loan #9982.

In 2022, the Village received a grant from Ohio Water Development Authority (OWDA) of \$1,000,000 for the Panhandle Subdivision Sewer Expansion project.

The Ohio Water Development Authority (OWDA) loan #10356 relates to the North Street Water Line Replacement project. In June 2023, the OWDA approved up to \$1,575,430 in loans to the Village for this project. As of the date of this report, the loan balance for this project is \$1,337,651. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In August 2024, the Village received a FEMA grant in the amount of \$225,686 for the Village fire department.

In November 2024, the Village received a Strategic Community Investments Grant for \$200,000 from the State of Ohio for the Wastewater Plant Improvement project.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Village Council
Village of West Union
Adams County
PO Box 395
West Union, Ohio 45693

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of West Union, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements and have issued our report thereon dated January, 23, 2025, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Village of West Union
Adams County
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

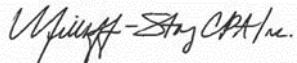
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-003, 2022-004, and 2022-005.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

January 23, 2025

Village of West Union
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

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

Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. During the course of testing, we identified multiple misstatements in nonpayroll disbursements, property tax and intergovernmental revenue, miscellaneous revenue, municipal income taxes, debt issuances and payments, and other financing sources and uses. Additionally, adjustments were required to correct beginning balances as well as to record activity of the Mayor's Court. We also noted numerous corrections and omissions to both the 2021 and 2022 footnotes. These misstatements, misclassifications and disclosure errors and omissions were corrected in the accompanying financial statements and notes.

We recommend the Village implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential errors and misclassifications in the financial statements and to ensure proper presentation of note disclosures.

Village Response:

Village officials chose not to include a response.

Finding Number 2022-002

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village's accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. In both 2021 and 2022, we noted multiple material variances in beginning balances per the amended certificate of estimated resources compared to the beginning balances per the accounting system. Further, in both 2021 and 2022, we noted multiple material variances in total appropriations per the final amended appropriations measure and the total appropriations per the accounting system.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Village Response:

Village officials chose not to include a response.

Finding Number 2022-003

Noncompliance Citation – Ohio Revised Code Section 5705.41(B)

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

In 2021, we noted that budgetary expenditures exceeded appropriation authority in the Fire Operating fund by \$7,805, the Emergency Medical Services fund by \$19,306, the Sewer Operating fund by \$114,856, and the Enterprise Improvement – Sewer fund by \$355,252.

Village of West Union
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-003 (continued)

Noncompliance Citation – Ohio Revised Code Section 5705.41(B) (continued)

In 2022, we noted that budgetary expenditures exceeded appropriation authority in the General fund by \$14,940, the Street Construction fund by \$30,404, the Permissive MVLT fund by \$34,772, the EMS-Medicare/Medicaid/Billing fund by \$260,842, the Sewer Debt Service fund by \$654,092, and the Enterprise Improvement – Sewer fund by \$818,055.

We recommend that the Village perform periodic reconciling procedures to ensure that budgeted information within the accounting system is in agreement with formally approved budgets that have been filed with the County Auditor to ensure that budgeted information within the accounting system can be reasonably relied upon. Further, the Village should limit expenditures by the approved and filed appropriation amounts.

Village Response:

Village officials chose not to include a response.

Finding Number 2022-004

Noncompliance Citation – Collateral Sufficiency

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

The Village had \$1,920,166 on deposit in a Government Account at National Bank of Adams County at December 31, 2022. These deposits were partially secured by FDIC insurance of \$250,000. However, the bank did not use an allowable Ohio compliant method to provide coverage for the remaining funds. Therefore, the Village had \$1,670,166 in uncollateralized monies.

The Village had \$2,198,013 on deposit in a Government Account at National Bank of Adams County at December 31, 2021. These deposits were partially secured by FDIC insurance of \$250,000. However, the bank did not use an allowable Ohio compliant method to provide coverage for the remaining funds. Therefore, the Village had \$1,948,013 in uncollateralized monies.

The Village should monitor the amounts on deposit and the amounts of securities pledged by the depository to ensure all deposits are collateralized in accordance with the requirements of the Ohio Revised Code.

Village Response:

Village officials chose not to include a response.

Village of West Union
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-005

Noncompliance Citation – Ohio Revised Code Section 5705.41(D)

Ohio Revised Code Section 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2021, we noted that three of the five transactions tested at year-end, or 60%, were not certified by the Fiscal Officer at the time the commitment was incurred. Additionally, we noted \$419,649 was encumbered in the wrong year. In 2022, we noted that three of the five transactions tested at year-end, or 60%, were not certified by the Fiscal Officer at the time the commitment was incurred. Further, we noted \$78,849 was encumbered in the wrong year.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. Furthermore, the Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of section 5705.41(D) are satisfied. The Council should sign off on each purchase order as approval.

Village of West Union
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-005 (continued)

Noncompliance Citation – Ohio Revised Code Section 5705.41(D) (continued)

Village Response:

Village officials chose not to include a response.

Village of West Union
Adams County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2022 and 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
Finding 2020-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2022-001
Finding 2020-002	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2022-002
Finding 2020-003	Noncompliance Citation – ORC § 135.18 Collateral Sufficiency	No	Reissued as Finding 2022-004
Finding 2020-004	Noncompliance Citation – ORC § 5705.41(B) Expenditures in Excess of Appropriations	No	Reissued as Finding 2022-003

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST UNION

ADAMS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/3/2025

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

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