



**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Unionville Center
Union County
106 Main Street
Unionville Center, Ohio 43077

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Unionville Center, Union County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Unionville Center, Union County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance, and Repair Fund, and Park and Recreation Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Village did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 12, 2007

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Cash	\$ 31,699
Investments	<u>19,232</u>
<i>Total Assets</i>	<u><u>\$ 50,931</u></u>
Net Assets	
Restricted for:	
Other Purposes	38,461
Unrestricted	<u>12,470</u>
<i>Total Net Assets</i>	<u><u>\$ 50,931</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 11,506	\$ 1,467	\$ -	\$ (10,039)
Security of Persons and Property	2,802	-	-	(2,802)
Leisure Time Activities	2,362	-	-	(2,362)
Community Environment	-	130	-	130
Basic Utility Services	150	-	-	(150)
Transportation	990	-	15,050	14,060
<i>Total Governmental Activities</i>	<u>17,810</u>	<u>1,597</u>	<u>15,050</u>	<u>(1,163)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				6,485
Grants and Entitlements not Restricted to Specific Programs				6,616
Interest				<u>926</u>
<i>Total General Receipts</i>				<u>14,027</u>
Change in Net Assets				12,864
<i>Net Assets Beginning of Year</i>				<u>38,067</u>
<i>Net Assets End of Year</i>				<u>\$ 50,931</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Street Construction, Maintenance, & Repair	Park & Recreation Funds	Total Governmental Funds
Assets				
Cash	\$ 6,078	\$ 25,590	\$ 31	\$ 31,699
Investments	6,392	12,840	-	19,232
<i>Total Assets</i>	<u>\$ 12,470</u>	<u>\$ 38,430</u>	<u>\$ 31</u>	<u>\$ 50,931</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 224	\$ 704	\$ -	\$ 928
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	12,246	-	-	12,246
Special Revenue Funds	-	37,726	31	37,757
<i>Total Fund Balances</i>	<u>\$ 12,470</u>	<u>\$ 38,430</u>	<u>\$ 31</u>	<u>\$ 50,931</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Street Construction Maintenance & Repair	Park & Recreation Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 6,485	\$ -	\$ -	\$ 6,485
Fines, Licenses and Permits	1,597	-	-	1,597
Intergovernmental	6,616	15,050	-	21,666
Earnings on Investments	309	617	-	926
<i>Total Receipts</i>	<u>15,007</u>	<u>15,667</u>	<u>-</u>	<u>30,674</u>
Disbursements				
Current:				
General Government	11,506	-	-	11,506
Security of Persons and Property	2,802	-	-	2,802
Leisure Time Activities	112	-	2,250	2,362
Basic Utility Services	150	-	-	150
Transportation	-	990	-	990
<i>Total Disbursements</i>	<u>14,570</u>	<u>990</u>	<u>2,250</u>	<u>17,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>437</u>	<u>14,677</u>	<u>(2,250)</u>	<u>12,864</u>
Other Financing Sources (Uses)				
Transfers In	-	-	2,250	2,250
Transfers Out	(2,250)	-	-	(2,250)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,250)</u>	<u>-</u>	<u>2,250</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(1,813)	14,677	-	12,864
<i>Fund Balances Beginning of Year</i>	<u>14,283</u>	<u>23,753</u>	<u>31</u>	<u>38,067</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,470</u>	<u>\$ 38,430</u>	<u>\$ 31</u>	<u>\$ 50,931</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 5,700	\$ 5,700	\$ 6,485	\$ 785
Fines, Licenses and Permits	1,175	1,175	1,597	422
Intergovernmental	5,902	5,902	6,616	714
Interest	180	180	309	129
<i>Total receipts</i>	<u>12,957</u>	<u>12,957</u>	<u>15,007</u>	<u>2,050</u>
Disbursements				
Current:				
General Government	15,482	14,645	11,556	3,089
Security of Persons and Property	2,810	3,144	2,962	182
Leisure Time Activities	740	740	112	628
Basic Utility Services	125	178	164	14
<i>Total Disbursements</i>	<u>19,157</u>	<u>18,707</u>	<u>14,794</u>	<u>3,913</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,200)</u>	<u>(5,750)</u>	<u>213</u>	<u>5,963</u>
Other Financing Sources (Uses)				
Transfers Out	(1,800)	(2,250)	(2,250)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,800)</u>	<u>(2,250)</u>	<u>(2,250)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(8,000)	(8,000)	(2,037)	5,963
<i>Fund Balance Beginning of Year</i>	<u>14,283</u>	<u>14,283</u>	<u>14,283</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,283</u>	<u>\$ 6,283</u>	<u>\$ 12,246</u>	<u>\$ 5,963</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION MAINTENANCE & REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 9,800	\$ 9,800	\$ 15,050	\$ 5,250
Interest	350	350	617	267
<i>Total receipts</i>	<u>10,150</u>	<u>10,150</u>	<u>15,667</u>	<u>5,517</u>
Disbursements				
Current:				
Basic Utility Services	500	500	-	500
Transportation	16,050	18,364	1,490	16,874
<i>Total Disbursements</i>	<u>16,550</u>	<u>18,864</u>	<u>1,490</u>	<u>17,374</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,400)</u>	<u>(8,714)</u>	<u>14,177</u>	<u>22,891</u>
Other Financing Sources (Uses)				
Other Financing Uses	(3,900)	(3,900)	(204)	3,696
<i>Total Other Financing Uses</i>	<u>(3,900)</u>	<u>(3,900)</u>	<u>(204)</u>	<u>3,696</u>
<i>Net Change in Fund Balance</i>	(10,300)	(12,614)	13,973	26,587
<i>Fund Balance Beginning of Year</i>	<u>23,753</u>	<u>23,753</u>	<u>23,753</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 13,453</u>	<u>\$ 11,139</u>	<u>\$ 37,726</u>	<u>\$ 26,587</u>

See accompanying notes to the basic financial statements

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARK & RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Disbursements				
Current:				
Leisure Time Activities	\$ 1,750	\$ 2,250	\$ 2,250	\$ -
<i>Total Disbursements</i>	<u>1,750</u>	<u>2,250</u>	<u>2,250</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,750)</u>	<u>(2,250)</u>	<u>(2,250)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	1,800	2,250	2,250	-
<i>Total Other Financing Sources</i>	<u>1,800</u>	<u>2,250</u>	<u>2,250</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	50	-	-	-
<i>Fund Balance Beginning of Year</i>	<u>31</u>	<u>31</u>	<u>31</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 81</u>	<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005

	Governmental Activities
Assets	
Cash	\$ 19,722
Investments	<u>18,345</u>
<i>Total Assets</i>	<u><u>\$ 38,067</u></u>
Net Assets	
Restricted for:	
Other Purposes	23,784
Unrestricted	<u>14,283</u>
<i>Total Net Assets</i>	<u><u>\$ 38,067</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 10,406	\$ 1,394	\$ -	\$ (9,012)
Security of Persons and Property	2,491	-	-	(2,491)
Leisure Time Activities	219	-	-	(219)
Community Environment	-	100	-	100
Basic Utility Services	4,120	-	-	(4,120)
Transportation	8,447	-	11,021	2,574
Capital Outlay	974	-	-	(974)
<i>Total Governmental Activities</i>	<u>26,657</u>	<u>1,494</u>	<u>11,021</u>	<u>(14,142)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				5,439
Grants and Entitlements not Restricted to Specific Programs				7,481
Interest				666
Miscellaneous				78
<i>Total General Receipts</i>				<u>13,664</u>
Change in Net Assets				(478)
<i>Net Assets Beginning of Year</i>				<u>38,545</u>
<i>Net Assets End of Year</i>				<u>\$ 38,067</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Construction, Maintenance, & Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 8,168	\$ 11,523	\$ 31	\$ 19,722
Investments	6,115	12,230	-	18,345
<i>Total Assets</i>	<u>\$ 14,283</u>	<u>\$ 23,753</u>	<u>\$ 31</u>	<u>\$ 38,067</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 14,283	\$ -	\$ -	\$ 14,283
Special Revenue Funds	-	23,753	31	23,784
<i>Total Fund Balances</i>	<u>\$ 14,283</u>	<u>\$ 23,753</u>	<u>\$ 31</u>	<u>\$ 38,067</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Street Construction Maintenance & Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 5,439	\$ -	\$ -	\$ 5,439
Fines, Licenses and Permits	1,494	-	-	1,494
Intergovernmental	7,559	11,021	-	18,580
Earnings on Investments	229	437	-	666
Miscellaneous	-	-	-	-
<i>Total Receipts</i>	<u>14,721</u>	<u>11,458</u>	<u>-</u>	<u>26,179</u>
Disbursements				
Current:				
General Government	10,406	-	-	10,406
Security of Persons and Property	2,491	-	-	2,491
Leisure Time Activities	10	-	209	219
Basic Utility Services	120	4,000	-	4,120
Transportation	-	8,447	-	8,447
Capital Outlay	-	-	974	974
<i>Total Disbursements</i>	<u>13,027</u>	<u>12,447</u>	<u>1,183</u>	<u>26,657</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,694</u>	<u>(989)</u>	<u>(1,183)</u>	<u>(478)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	240	240
Transfers Out	(240)	-	-	(240)
<i>Total Other Financing Sources (Uses)</i>	<u>(240)</u>	<u>-</u>	<u>240</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,454		(943)	(478)
<i>Fund Balances Beginning of Year</i>	<u>12,829</u>	<u>24,742</u>	<u>974</u>	<u>38,545</u>
<i>Fund Balances End of Year</i>	<u>\$ 14,283</u>	<u>\$ 23,753</u>	<u>\$ 31</u>	<u>\$ 38,067</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 5,900	\$ 5,900	\$ 5,439	\$ (461)
Fines, Licenses and Permits	965	965	1,494	529
Intergovernmental	6,615	6,615	7,559	944
Interest	100	100	229	129
<i>Total receipts</i>	<u>13,580</u>	<u>13,580</u>	<u>14,721</u>	<u>1,141</u>
Disbursements				
Current:				
General Government	14,055	14,055	10,406	3,649
Security of Persons and Property	3,025	3,025	2,491	534
Leisure Time Activities	2,610	2,610	10	2,600
Basic Utility Services	150	150	120	30
<i>Total Disbursements</i>	<u>19,840</u>	<u>19,840</u>	<u>13,027</u>	<u>6,813</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,260)</u>	<u>(6,260)</u>	<u>1,694</u>	<u>7,954</u>
Other Financing Uses				
Transfers Out	(240)	(240)	(240)	-
<i>Total Other Financing Uses</i>	<u>(240)</u>	<u>(240)</u>	<u>(240)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(6,500)	(6,500)	1,454	7,954
<i>Fund Balance Beginning of Year</i>	<u>12,829</u>	<u>12,829</u>	<u>12,829</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,329</u>	<u>\$ 6,329</u>	<u>\$ 14,283</u>	<u>\$ 7,954</u>

See accompanying notes to the basic financial statements

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION MAINTENANCE & REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 7,800	\$ 7,800	\$ 11,021	\$ 3,221
Interest	170	170	437	267
<i>Total receipts</i>	<u>7,970</u>	<u>7,970</u>	<u>11,458</u>	<u>3,488</u>
Disbursements				
Current:				
Basic Utility Services	4,000	4,000	4,000	-
Transportation	16,000	16,000	8,447	7,553
<i>Total Disbursements</i>	<u>20,000</u>	<u>20,000</u>	<u>12,447</u>	<u>7,553</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,030)</u>	<u>(12,030)</u>	<u>(989)</u>	<u>11,041</u>
Other Financing Uses				
Other Financing Uses	(470)	(470)	-	470
<i>Net Change in Fund Balance</i>	(12,500)	(12,500)	(989)	11,511
<i>Fund Balance Beginning of Year</i>	<u>24,742</u>	<u>24,742</u>	<u>24,742</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 24,742</u>	<u>\$ 12,242</u>	<u>\$ 23,753</u>	<u>\$ 11,511</u>

See accompanying notes to the basic financial statements

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**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

Note 1 – Reporting Entity

The Village of Unionville Center, Union County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads and bridges, and park operations.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

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

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village does not have any business-type activities.

The statement of net assets presents the cash and investment balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Village classifies each fund as governmental.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Funds, and Park and Recreation Funds (2006 only). The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Street Construction, Maintenance and Repair Fund receive gasoline and motor vehicle license taxes to be used for road improvements. The Park and Recreation Fund receive a transfer from the General Fund for the purpose of funding recreational activities.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Village's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this *modified* cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested with the exception of the specific investments noted above. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006 and 2005, the Village invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 amount to \$309 and \$229, respectively, which includes no interest assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The Village does not offer any leave compensation.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. The Village does not have any long-term obligations.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Street Construction, Maintenance and Repair and Parks and Recreation Funds.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the *modified* cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction, Maintenance and Repair Fund, and Parks and Recreation Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) for calendar year 2006 amounted to \$224 for the General Fund and \$704 for the Street Construction, Maintenance and Repair Fund. There were not outstanding encumbrances for calendar year 2005.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006 and 2005, the bank balance was \$32,937 and \$22,270, respectively. The entire bank balances were covered by federal depository insurance.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

Deposits (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006 and December 31, 2005, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
12/31/06		
STAR Ohio – General Fund	\$6,392	Average
STAR Ohio – Street Fund	\$12,840	Average
12/31/05		
STAR Ohio – General Fund	\$6,115	Average
STAR Ohio – Street Fund	\$12,230	Average

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$3.95 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$2,125,730
Commercial/Industrial/Mineral	\$33,380
Tangible Personal Property	
Public Utility	53,170
Total Assessed Value	<u>\$2,212,280</u>

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village has obtained a commercial insurance package from Auto-Owners Insurance to cover the following risks:

- Comprehensive property and general liability
- Errors and omissions

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 7 – Risk Management (Continued)

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

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans participating in the traditional plan, were required to contribute 8.5 percent and 9 percent of their annual covered salaries for 2005 and 2006 respectively. The Village's contribution rate for pension benefits for 2005 was 9.55 percent and for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$138, \$172, and \$192 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 9 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$45.33. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 10 – Interfund Transfers

During 2006 and 2005 the following transfers were made:

	2006	2005
Transfers from the General Fund to:		
Park and Recreation Fund	\$2,250	\$ -
Other Governmental Funds	-	240
Total Transfers from the General Fund	\$2,250	\$240

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



Mary Taylor, CPA

Auditor of State

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

Village of Unionville Center
Union County
106 Main Street
Unionville Center, Ohio 43077

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Unionville Center, Union County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 12, 2007, wherein we noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 12, 2007.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated September 12, 2007.

We intend this report solely for the information and use of the management and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 12, 2007

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Significant Deficiency and Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit reclassifications and adjustments were made to the December 31, 2006 financial statements:

1. An adjustment was made in the General Fund and Street Construction, Maintenance, and Repair Fund for \$129 to adjust General Fund general government disbursements originally posted to other financing uses in the Street Construction, Maintenance, and Repair Fund. This adjustment was posted to the accounting system by the fiscal officer.
2. In the General Fund, an adjustment for \$60 was made to properly show the receipt as a reduction of an expenditure as a general government disbursement.
3. In the General Fund, \$68 of other financing uses was reclassified as basic utilities disbursements of \$18 and general government disbursements of \$50.
4. An adjustment was made in the General Fund and Street Construction, Maintenance, and Repair Fund for \$596 to adjust for Street Construction, Maintenance, and Repair Fund intergovernmental receipts that were originally posted as intergovernmental receipts in the General Fund. This adjustment was posted to the accounting system by the fiscal officer.
5. Adjustments were made on the Statement of Receipts, Disbursements, and Changes in Fund Balance- Budget and Actual- Budget Basis Statement to Original Budgeted Expenditures for \$1,902 and Final Budgeted Expenditures for \$141 in the General Fund to reclassify other financing uses as general government disbursements.
6. In the Parks and Recreation Fund, an adjustment was made for \$450 to show Final Budget transfer in on the Statement of Receipts, Disbursements, and Changes in Fund Balance- Budget and Actual- Budget Basis Statement.

The following audit reclassifications and adjustments were made to the December 31, 2005 financial statements:

1. An reclassification was made in the General Fund and Street Construction, Maintenance, and Repair Fund for \$6,115 and \$12,230, respectively, to properly show investments in STAR Ohio that are assigned to specific funds as a separate item on the modified cash basis of accounting.
2. In the General Fund, \$3,008 of other financing uses was reclassified as general government disbursements.
3. An adjustment was made to Original and Final Budgeted Disbursements in the General Fund on the Statement of Receipts, Disbursements, and Changes in Fund Balance- Budget and Actual- Budget Basis Statement for \$3,753 to reclassify other financing uses as general government disbursements.
4. In the General Fund, \$924 of receipts for homestead and rollback were reclassified from property and other local taxes to intergovernmental receipts.

The following audit adjustments were inconsequential to the overall financial statements of the Village and were not posted to the December 31, 2006 financial statements.

1. The Village reported tax receipts at net instead of gross, which understated general government disbursements and tax receipts by \$349.

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

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

FINDING NUMBER 2006-001 (Continued)

Significant Deficiency and Material Weakness (Continued)

2. In the General Fund, \$868 of receipts for homestead and rollback which should be intergovernmental receipts were reported as property and other local taxes.
3. In the General Fund, \$325 of receipts for Fines, Licenses, and Permits receipts should be reported as miscellaneous receipts.

The following audit adjustment was inconsequential to the overall financial statements of the Village and was not posted to the December 31, 2005 financial statements.

1. In the General Fund, \$226 was posted as reserve for encumbrances to account for disbursements that should have been encumbered at year end due to the expenditures being incurred by the Village before December 31, 2005.
2. The Village reported tax receipts at net instead of gross, which understated general government disbursements and tax receipts by \$89.
3. In the General Fund, \$78 was received as a refund for an overpayment of a disbursement and the Village reported this as an intergovernmental receipt instead of a reduction of a disbursement.

The fiscal officer should review the adjustments and reclassifications identified above to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Village should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and Council, to identify and correct errors and omissions.

Officials' Response:

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code § 5705.41(D)(1) – not properly certifying availability of funds prior to incurring obligations.	No	Partially Corrected; Re-issued within the management letter.



Mary Taylor, CPA
Auditor of State

VILLAGE OF UNIONVILLE CENTER

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 8, 2007