



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of West Unity, Williams County, Ohio (the Village), as of and for the year ended December 31, 2009, 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 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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of West Unity, Williams County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction Maintenance and Repair funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

March 31, 2010

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

This discussion and analysis of the Village of West Unity's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$926,630 or 45 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General Fund, Turnpike Construction Fund, and Other Capital Projects Fund. The General Fund experienced a significant decline in income tax revenues for the year (\$119,085). The Turnpike Construction Fund and Other Capital Projects Fund experienced increased expenses involved in extending water and sewer lines and providing related service to the future Turnpike plaza locations.
- The Village's general receipts are primarily income taxes, property taxes, and proceeds from an OWDA loan and Turnpike Commission reimbursement. These receipts represent respectively 31%, 7%, 29%, and 16%, respectively, of the total cash received for governmental activities during the year.
- The Village purchased property on North High Street (\$55,000) to be turned into a municipal parking lot.
- Capital projects in 2009 included a waterline loop to the new school (\$88,199) and a storm sewer drain line from Lincoln Street to Oak Street (\$141,580).
- The business-type activities net assets decreased \$7,176 or 2 percent from the prior year. The decrease can be attributed to the expenditures in Water Operating Fund associated with the new water plant and debt service payments on the Water System Revenue Bonds. The Village is currently using part of the monthly water (\$12.00) and sewer (\$3.00) base fee per user to make the semi-annual payments on the Water System Revenue Bonds. Once these bonds are paid off in 2010, the Village's water and sewer operating will be more substantial.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The Village is body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services. Brady Township provides the Village with fire protection services.

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. 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. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)

Business-type activity The Village has four business-type activities, the provision of water, sanitary sewer, Kissell Building rentals, and water deposits. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General fund, Street Construction, Maintenance, and Repair Fund, Other Debt Service fund, Turnpike Construction Fund, and Other Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the Water Operating Fund and the Sewer Operating Fund.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$886,469	\$1,813,099	\$325,825	\$333,001	\$1,212,294	\$2,146,100
Investments	252,000	252,000	54,000	54,000	306,000	306,000
Total Assets	<u>\$1,138,469</u>	<u>\$2,065,099</u>	<u>\$379,825</u>	<u>\$387,001</u>	<u>\$1,518,294</u>	<u>\$2,452,100</u>
Net Assets						
Restricted for:						
Capital Outlay	\$258,468	\$1,059,323			\$258,468	\$1,059,323
Debt Service	342,749	331,055			342,749	331,055
Permanent fund	54,905	58,767			54,905	58,767
Other Purposes	248,092	251,392			248,092	251,392
Unrestricted	<u>234,255</u>	<u>364,562</u>	<u>\$379,825</u>	<u>\$387,001</u>	<u>614,080</u>	<u>751,563</u>
Total Net Assets	<u>\$1,138,469</u>	<u>\$2,065,099</u>	<u>\$379,825</u>	<u>\$387,001</u>	<u>\$1,518,294</u>	<u>\$2,452,100</u>

As mentioned previously, net assets of governmental activities decreased \$926,630 or 45 percent during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- In 2009 and 2008, the Village received \$368,571 and \$1,190,681, respectively, from the Ohio Turnpike Commission as part of an agreement to extend water and sewer lines and provide related service to the future Turnpike plaza locations. As of December 31, 2008, only \$394,814 of these monies had been expended. An additional \$1,124,167 was expended in 2009.
- Income tax revenue collections were down \$119,085 compared to last year.

The business-type activities show a decrease of \$7,176 in net assets from the prior year. This decrease can be attributed to an increase in operating expenditures associated with the new water treatment plant.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2009 for governmental activities, business-type activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Receipts:						
Charges for Services and Sales	\$26,093	\$27,203	\$387,886	\$392,366	\$413,979	\$419,569
Operating Grants and Contributions	78,640	116,673			78,640	116,673
Capital Grants and Contributions				694		694
Total Program Receipts	104,733	143,876	387,886	393,060	492,619	536,936
General Receipts:						
Property Taxes	125,830	142,895			125,830	142,895
Income Taxes	537,215	656,301			537,215	656,301
Other taxes	20,391	21,625			20,391	21,625
Grants and Entitlements Not Restricted to Specific Programs	131,443	144,711			131,443	144,711
Cable franchise fees	9,791	8,074			9,791	8,074
Earnings on Investments	20,079	47,233	2,025	2,733	22,104	49,966
Turmpike Commission Reimbursement	273,571	1,190,681	95,000		368,571	1,190,681
Loan Proceeds	498,703	338,293			498,703	338,293
Miscellaneous	20,612	27,578	39,448	10,900	60,060	38,478
Total General Receipts	1,637,635	2,577,391	136,473	13,633	1,774,108	2,591,024
Total Receipts	1,742,368	2,721,267	524,359	406,693	2,266,727	3,127,960
Disbursements:						
Security of Persons and Property:	249,948	224,750			249,948	224,750
Public Health Services	10,000	9,973			10,000	9,973
Leisure Time Activities	41,600	51,178			41,600	51,178
Community Environment	2,327	2,615			2,327	2,615
Basic Utility Systems	20,052	17,543			20,052	17,543
Transportation	104,630	118,595			104,630	118,595
General Government	250,903	222,283			250,903	222,283
Capital Outlay	1,793,509	1,003,992			1,793,509	1,003,992
Debt Service:						
Principal Retirement	133,917	129,004			133,917	129,004
Interest and Fiscal Charges	62,112	67,775			62,112	67,775
Water			258,021	226,496	258,021	226,496
Sewer			259,731	168,401	259,731	168,401
Kissell Building Rental			9,860	9,303	9,860	9,303
Water deposits			3,923	3,662	3,923	3,662
Total Disbursements	2,668,998	1,847,708	531,535	407,862	3,200,533	2,255,570
Excess (Deficiency) Before Transfers	(926,630)	873,559	(7,176)	(1,169)	(933,806)	872,390
Transfers		52,957		(52,957)		
Increase (Decrease) in Net Assets	(926,630)	926,516	(7,176)	(54,126)	(933,806)	872,390
Net Assets, January 1,	2,065,099	1,138,583	387,001	441,127	2,452,100	1,579,710
Net Assets, December 31,	\$1,138,469	\$2,065,099	\$379,825	\$387,001	\$1,518,294	\$2,452,100

Program receipts represent only 22 percent of total receipts and are primarily comprised of water and sewer charges for services and operating grants and contributions (i.e. motor vehicle license and gas tax money).

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

General receipts represent 78 percent of the Village's total receipts, and of this amount, 39 percent are local taxes. Turnpike Commission reimbursements and OWDA loan proceeds make up 21 percent and 28 percent, respectively, of the Village's total general receipts. State and federal grants, entitlements, and investment earnings make up 9 percent of the Village's total general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the fiscal officer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 50 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police protection; Public Health Services is the cost to fund the county health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; Community Environment is the costs to promote the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay, general government, security of persons and property, and debt service which account for 69, 9, 9, and 7 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 4 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Security of Persons and Property	\$249,948	\$249,199	\$224,750	\$224,750
Public Health Services	10,000	10,000	9,973	9,973
Leisure Time Activities	41,600	32,311	51,178	43,161
Community Environment	2,327	1,952	2,615	2,325
Basic Utility Services	20,052	20,052	17,543	17,543
Transportation	104,630	18,423	118,595	(8,096)
General Government	250,903	242,790	222,283	213,405
Capital Outlay	1,973,509	1,793,509	1,003,992	1,003,992
Principal Retirement	133,917	133,917	129,004	129,004
Interest and Fiscal Charges	62,112	62,112	67,775	67,775
Total Expenses	\$2,848,998	\$2,564,265	\$1,847,708	\$1,703,832

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

The dependence upon property and income tax receipts is apparent as over 96 percent of governmental activities are supported through these general receipts.

Business-type Activities

Revenue for the Water Operating Fund comes from water usage (bills) , hookup fees, water sales collection, and \$12 of the base fee. Expenses in the fund include a portion of the fiscal officer, deputy clerk, maintenance worker, and administrator salaries and benefits, water tower maintenance, water testing, miscellaneous operating expenses, maintenance of equipment and meters, and utilities.

Revenue for the Sewer Operating Fund is derived from monthly sewer bills, \$3 of the base fee, and tap fees. Expenses in the fund include a portion of the fiscal officer, deputy clerk, maintenance worker, and administrator salaries and benefits, routine operating expenses, bio-solids testing, repair and maintenance of pumps/equipment, and utilities.

Revenue for the Kissell Rental Fund is from rental of the Kissell building. Expenses include utilities, supplies, and trash service.

The Village's Funds

Total governmental funds had receipts and other financing sources of \$1,742,368 and disbursements of \$2,668,998 the greatest change within governmental funds occurred within the General Fund and Turnpike Construction Fund. The fund balance of the General Fund and Turnpike Construction Fund decreased \$130,307 and \$727,237, respectively. The decreases are due to the decline in income tax collections and capital expenses related to the water/sewer services for the future Turnpike plazas.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2009, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to Turnpike Commission monies receipted into the fund to reimburse expenses related to the extension of the water and sewer lines and new water treatment plant for the future Turnpike plazas. The difference between final budgeted receipts and actual receipts was not significant.

Final budgeted disbursements exceeded original budgeted disbursements by \$132,000. The increase was due to expenses related to the extension of the water and sewer lines and new water treatment plant for the future Turnpike plazas. Final disbursements were budgeted at \$718,808 while actual disbursements were \$677,750. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(Continued)**

Debt

At December 31, 2008, the Village's outstanding debt totaled \$2,222,768, which included \$1,015,193 in an OWDA loan for a sewer facilities improvement project; \$309,000 in Mortgage Revenue Bonds for a sanitary sewer system improvement, \$61,579 in Water System Revenue Bonds for a new water tower, and \$836,996 in an OWDA loan for new water treatment plant. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and industry to support the tax base. We have taken on extra expenses and debt to provide the Ohio Turnpike Commission with soft water and sewer services to the future plazas. The Village hopes to recoup these expenses through annexation and subsequent income tax collections and the water/sewer usage of the plazas. The Village has worked hard to promote growth and jobs.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Beth Rediger, Fiscal Officer, Village of West Unity, 118 West Jackson Street, P.O. Box 207, West Unity, Ohio 43570-0270.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2009*

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$886,469	\$325,825	\$1,212,294
Investments	252,000	54,000	306,000
<i>Total Assets</i>	\$1,138,469	\$379,825	\$1,518,294
 Net Assets			
Restricted for:			
Capital Projects	\$258,468		\$258,468
Debt Service	342,749		342,749
Permanent Fund	54,905		54,905
Other Purposes	248,092		248,092
Unrestricted	234,255	\$379,825	614,080
<i>Total Net Assets</i>	\$1,138,469	\$379,825	\$1,518,294

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	Program Cash Receipts		
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities			
Security of Persons and Property	\$249,948		\$749
Public Health Services	10,000		
Leisure Time Activities	41,600	\$680	8,609
Community Environment	2,327	375	
Basic Utility Services	20,052		
Transportation	104,630	16,925	69,282
General Government	250,903	8,113	
Capital Outlay	1,793,509		
Debt Service:			
Principal	133,917		
Interest	62,112		
<i>Total Governmental Activities</i>	2,668,998	26,093	78,640
Business Type Activities			
Water Operating	258,021	214,378	
Sewer Operating	259,731	168,763	
Kissell Rental	9,860		
Water Deposit	3,923	4,745	
<i>Total Business Type Activities</i>	531,535	387,886	
Total	\$3,200,533	\$413,979	\$78,640

General Receipts

Property Taxes Levied for:

General Purposes

Park Operations

Municipal Income Taxes

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Turnpike Commission Reimbursement

Loan Proceeds

Cable Franchise Fees

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$249,199)		(\$249,199)
(10,000)		(10,000)
(32,311)		(32,311)
(1,952)		(1,952)
(20,052)		(20,052)
(18,423)		(18,423)
(242,790)		(242,790)
(1,793,509)		(1,793,509)
(133,917)		(133,917)
<u>(62,112)</u>		<u>(62,112)</u>
(2,564,265)		(2,564,265)
	(\$43,643)	(43,643)
	(90,968)	(90,968)
	(9,860)	(9,860)
	822	822
	<u>(143,649)</u>	<u>(143,649)</u>
<u>(2,564,265)</u>	<u>(143,649)</u>	<u>(2,707,914)</u>
106,261		106,261
19,569		19,569
537,215		537,215
20,391		20,391
131,443		131,443
273,571	95,000	368,571
498,703		498,703
9,791		9,791
20,079	2,025	22,104
20,612	39,448	60,060
<u>1,637,635</u>	<u>136,473</u>	<u>1,774,108</u>
(926,630)	(7,176)	(933,806)
<u>2,065,099</u>	<u>387,001</u>	<u>2,452,100</u>
<u>\$1,138,469</u>	<u>\$379,825</u>	<u>\$1,518,294</u>

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009*

	General	Street Construction, Maintenance, and Repair Fund	Other Debt Service Fund	Turnpike Construction Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$234,255	\$121,904	\$242,749	\$68,630	\$89,838	\$129,093	\$886,469
Investments			100,000		100,000	52,000	252,000
<i>Total Assets</i>	<u>\$234,255</u>	<u>\$121,904</u>	<u>\$342,749</u>	<u>\$68,630</u>	<u>\$189,838</u>	<u>\$181,093</u>	<u>\$1,138,469</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$1,144	\$385		\$68,630	\$197	\$385	\$70,741
Reserved for Endowment Principal						52,000	52,000
Unreserved:							
Unreserved, undesignated reported in:							
Undesignated, Reported in:							
General Fund	233,111						233,111
Special Revenue Funds		\$121,519				125,803	247,322
Debt Service Fund			\$342,749				342,749
Capital Projects Funds					189,641		189,641
Permanent Fund						2,905	2,905
<i>Total Fund Balances</i>	<u>\$234,255</u>	<u>\$121,904</u>	<u>\$342,749</u>	<u>\$68,630</u>	<u>\$189,838</u>	<u>\$181,093</u>	<u>\$1,138,469</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Street Construction, Maintenance, and Repair Fund	Other Debt Service Fund	Turnpike Construction Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$106,261					\$36,494	\$142,755
Municipal Income Taxes	179,072		\$207,723		\$150,420		537,215
Intergovernmental	131,573	\$70,159				43,743	245,475
Charges for Services						680	680
Fines, Licenses and Permits	18,107					135	18,242
Earnings on Investments	17,222	1,090		\$36		1,767	20,115
Turnpike Commission Reimbursement	88,452			10,119	175,000		273,571
Miscellaneous	5,612						5,612
Total Receipts	546,299	71,249	207,723	10,155	325,420	82,819	1,243,665
Disbursements							
Current:							
Security of Persons and Property	249,948						249,948
Public Health Services	10,000						10,000
Leisure Time Activities						41,600	41,600
Community Environment	2,327						2,327
Basic Utility Services	20,052						20,052
Transportation		64,073				40,557	104,630
General Government	250,903						250,903
Capital Outlay	143,376			1,236,095	391,336	22,702	1,793,509
Debt Service:							
Principal Retirement			133,917				133,917
Interest and Fiscal Charges			62,112				62,112
Total Disbursements	676,606	64,073	196,029	1,236,095	391,336	104,859	2,668,998
Excess of Receipts Over (Under) Disbursements	(130,307)	7,176	11,694	(1,225,940)	(65,916)	(22,040)	(1,425,333)
Other Financing Sources							
Loan Proceeds				498,703			498,703
Net Change in Fund Balances	(130,307)	7,176	11,694	(727,237)	(65,916)	(22,040)	(926,630)
Fund Balances Beginning of Year	364,562	114,728	331,055	795,867	255,754	203,133	2,065,099
Fund Balances End of Year	\$234,255	\$121,904	\$342,749	\$68,630	\$189,838	\$181,093	\$1,138,469

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$150,800	\$146,500	\$106,261	(\$40,239)
Municipal Income Taxes	204,000	178,000	179,072	1,072
Intergovernmental	92,120	92,720	131,573	38,853
Fines, Licenses and Permits	16,720	16,723	18,107	1,384
Earnings on Investments	36,000	14,200	17,222	3,022
Turnpike Commission Reimbursement		116,775	88,452	(28,323)
Miscellaneous	8,000	4,425	5,612	1,187
<i>Total Receipts</i>	507,640	569,343	546,299	(23,044)
Disbursements				
Current:				
Security of Persons and Property	272,704	274,554	250,220	24,334
Public Health Services	10,000	10,000	10,000	
Community Environment	3,500	3,500	2,327	1,173
Basic Utility Services	19,000	20,350	20,052	298
General Government	274,104	266,879	251,775	15,104
Capital Outlay	7,500	143,525	143,376	149
<i>Total Disbursements</i>	586,808	718,808	677,750	41,058
<i>Excess of Disbursements Over Receipts</i>	(79,168)	(149,465)	(131,451)	18,014
<i>Fund Balance Beginning of Year</i>	357,021	357,021	357,021	
Prior Year Encumbrances Appropriated	7,541	7,541	7,541	
<i>Fund Balance End of Year</i>	\$285,394	\$215,097	\$233,111	\$18,014

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$64,100	\$64,100	\$70,159	\$6,059
Earnings on Investments	2,400	1,000	1,090	90
<i>Total Receipts</i>	<u>66,500</u>	<u>65,100</u>	<u>71,249</u>	<u>6,149</u>
Disbursements				
Current:				
Transportation	<u>69,478</u>	<u>69,478</u>	<u>64,458</u>	<u>5,020</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(2,978)</u>	<u>(4,378)</u>	<u>6,791</u>	<u>11,169</u>
<i>Fund Balance Beginning of Year</i>	114,087	114,087	114,087	
Prior Year Encumbrances Appropriated	<u>641</u>	<u>641</u>	<u>641</u>	
<i>Fund Balance End of Year</i>	<u><u>\$111,750</u></u>	<u><u>\$110,350</u></u>	<u><u>\$121,519</u></u>	<u><u>\$11,169</u></u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$134,651	\$143,346	\$47,828	\$325,825
Investments			54,000	54,000
<i>Total Assets</i>	<u>\$134,651</u>	<u>\$143,346</u>	<u>\$101,828</u>	<u>\$379,825</u>
Net Assets				
Unrestricted	<u>\$134,651</u>	<u>\$143,346</u>	<u>\$101,828</u>	<u>\$379,825</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$214,378	\$168,763	\$4,745	\$387,886
Other Operating Receipts			11,125	11,125
<i>Total Operating Receipts</i>	<u>214,378</u>	<u>168,763</u>	<u>15,870</u>	<u>399,011</u>
Operating Disbursements				
Personal Services	50,770	54,100		104,870
Employee Fringe Benefits	17,998	31,807		49,805
Contractual Services	35,918	35,203	5,811	76,932
Materials and Supplies	50,011	27,979		77,990
Other	2,997	6,810	7,972	17,779
<i>Total Operating Disbursements</i>	<u>157,694</u>	<u>155,899</u>	<u>13,783</u>	<u>327,376</u>
<i>Operating Income</i>	56,684	12,864	2,087	71,635
Non-Operating Receipts (Disbursements)				
Earnings on Investments			2,025	2,025
Turmpike Commission Reimbursement	45,000	50,000		95,000
Miscellaneous Receipts		28,323		28,323
Capital Outlay	(45,000)	(95,000)		(140,000)
Principal Payments	(50,627)	(7,656)		(58,283)
Interest and Fiscal Charges	(4,700)	(1,176)		(5,876)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(55,327)</u>	<u>(25,509)</u>	<u>2,025</u>	<u>(78,811)</u>
<i>Change in Net Assets</i>	1,357	(12,645)	4,112	(7,176)
Net Assets Beginning of Year	<u>133,294</u>	<u>155,991</u>	<u>97,716</u>	<u>387,001</u>
<i>Net Assets End of Year</i>	<u><u>\$134,651</u></u>	<u><u>\$143,346</u></u>	<u><u>\$101,828</u></u>	<u><u>\$379,825</u></u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Note 1 – Reporting Entity

The Village of West Unity, Williams 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 and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

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, water and sewer utilities, maintenance of Village streets, park operations, and police services. The Village contracts with Brady Township to provide fire protection services.

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. Based on these criteria, the Village has no component units.

C. Public Entity Risk Pools

The Village participates in a public entity risk pool. The Village belongs to the Public Entities Pool of Ohio (PEP), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 450 Ohio governments.

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 cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

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.

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 statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type 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 or business-type activity is self-financing on a 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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

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 funds of the Village are divided into three categories, governmental and proprietary.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund – This 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.

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

Other Debt Service Fund – This fund receives income tax monies for the retirement of mortgage revenue bonds and Ohio Water Development Authority loans.

Turnpike Construction Fund – This fund receives contributions from the Ohio Turnpike Commission and loan proceeds from the Ohio Water Development Authority for the construction of a new water treatment plant and the extension of water and sewer lines to service the future Turnpike service plazas.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds- Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has the following major enterprise funds:

Water Fund – This fund accounts for the provision of water to the residents and commercial users located within the Village.

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. 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 fund level for all funds with amounts appropriated for personal services and benefits separately identified within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. 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.

Investments of the cash management pool with an initial 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.

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.

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 2009 was \$17,222 which includes \$14,665 assigned from other Village funds.

F. 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.

G. 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 statement.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

I. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. 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 streets and parks. 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. There were no net assets restricted by enabling legislation.

L. 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 and endowment principal.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

The Village did not certify all commitments required by Ohio law

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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 Balances – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,144 for the General Fund.

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 withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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;

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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.

At year end, the Village had \$175 in undeposited cash on hand which is included as part of *"Equity in Pooled Cash and Cash Equivalents"*.

Deposits

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. Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 6 – Income Taxes

The Village levies a 1.5 percent income tax whose proceeds are placed in the General Fund, Other Debt Service Fund, and Other Capital Projects Fund. The Village Levies and collects the tax 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. In the latter case, the Village allows a credit of actual taxes paid to another city up to 1.5 percent of the taxable income.

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 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2009 is zero percent. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$8.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$ 24,906,520
Public Utility Property	820,340
Tangible Personal Property	<u>1,928,650</u>
Total Assessed Values	<u>\$ 27,655,510</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 8 –Risk Management

A. Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$21,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2008	\$20,540
2009	\$21,675

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

B. Workers' Compensation

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 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPER 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).

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2009, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for 2009 was 14 percent of covered payroll. A portion of the Village's contribution equal to 7 percent of covered payroll until March 31 and 8.5 percent from April 1 to December 31 was allocated to fund pension benefits. 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, 2009, 2008, and 2007 were \$18,876, \$16,314, and \$17,855, respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The Village's contributions to OP&F for pension obligations for the years ending December 31, 2008, 2007, and 2006 were \$15,587, \$15,028, and \$14,522; 85 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 10 - Post Employment Benefits

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll thru March 31. From April 1 to December 31, 5.5 percent of covered payroll was allocated to the health care plan. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007, were \$13,566, \$16,314, and \$13,647, respectively. The full amount has been contributed for 2009, 2008, and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007, were \$8,252, \$7,956, and \$7,688, respectively; 85 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
Mortgage Revenue Bonds 1976 Issue (Original Amount \$901,000)	5.00%	\$345,000		\$36,000	\$309,000	\$38,000
1997 OWDA Loan (Original Amount \$1,732,992)	4.12%	1,113,110		97,917	1,015,193	101,993
Total Governmental Activities		<u>1,458,110</u>		<u>133,917</u>	<u>1,324,193</u>	<u>139,993</u>
<u>Business-type Activities</u>						
Water System Revenue Bonds 2007 Issue (Original Amount \$175,000)	5.50%	119,862		58,283	61,579	61,579
2008 OWDA Loan (Original Amount \$800,000)	4.21%	338,293	\$498,703		836,996	
Total Business-type Activities		<u>458,155</u>	<u>498,703</u>	<u>58,283</u>	<u>898,575</u>	<u>61,579</u>
Total Long-Term Obligations		<u>\$1,916,265</u>	<u>\$498,703</u>	<u>\$192,200</u>	<u>\$2,222,768</u>	<u>\$201,572</u>

The Mortgage Revenue Bonds relate to a sanitary system improvement project. The bonds were issued by the Village in 1976 for an aggregate amount of \$901,000. The bonds will be paid in annual installments according to the principal and interest amounts listed in the bond amortization schedule until 2016.

As required by the mortgage revenue bond covenant, the village has established and funded a sewer reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2009 was \$63,769.

The 1997 Ohio Water Development Authority (OWDA) loan relates to a sewer facilities improvement project. The loan will be repaid in semiannual installments of \$71,390, including interest, over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The debt related to governmental activities is repaid from the Other Debt Service Fund, which is funded by local income tax collections.

The Water System Revenue Bonds relate to the new water tower. The bonds were issued by the Village in 2007 for an aggregate amount of \$175,000. The bonds will be paid in annual installments according to the principal and interest amounts listed in the bond amortization schedule until 2010. The bonds are paid through the collection of a user charge for consumer water/sewer services.

The 2008 Ohio Water Development Authority (OWDA) loan relates to construction of a new water treatment plant. The Village has been approved for a maximum loan amount of \$800,000. The loan will be repaid in semiannual installments over 10 years. The loan is still in progress with an outstanding balance of \$836,996 at December 30, 2009 and a final amortization schedule is unavailable. The loan will be paid through the collection of a user charge for consumer water/sewer services at the new Turnpike plazas.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

The following is a summary of the Village's future annual debt service requirements:

Year	Mortgage Revenue Bonds		1997 OWDA Loan		Water Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$38,000	\$15,450	\$101,993	\$40,786	\$61,579	\$2,580
2011	40,000	13,550	106,238	36,541		
2012	42,000	11,550	110,661	32,119		
2013	44,000	9,450	115,267	27,512		
2014	46,000	7,250	120,065	22,715		
2015-2118	99,000	7,500	460,969	38,758		
Totals	<u>\$309,000</u>	<u>\$64,750</u>	<u>\$1,015,193</u>	<u>\$198,431</u>	<u>\$61,579</u>	<u>\$2,580</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$2,903,829 and an unvoted debt margin of \$1,521,053.

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of West Unity, Williams County, (the Village) as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 31, 2010, wherein, we noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. We also 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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www.auditor.state.oh.us

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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 timely corrected. We consider finding 2009-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 31, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

March 31, 2010

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is 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 a fiscal officer'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 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"), sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

2. Blanket Certificate – Fiscal officers 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 Village 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, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Forty-eight percent of expenditures tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certificates should be used.

We also recommend the Village certify purchases to which R.C. § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language R.C. § 5705.41(D) when authorizing disbursements. The fiscal officer should sign such a certification at the time the Village incurs a commitment and only if the requirements of R.C. §5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response:

Management will attempt to implement procedures to monitor the certification process.

FINDING NUMBER 2009-002

Material Weakness - Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments:

1. The Village does not maintain an internal investment pool. Certificates of deposit with maturity dates greater than three months specific to the Other Debt Service Fund, \$100,000, and Other Capital Projects Fund, \$100,000, were recorded as Equity in Pooled Cash and Cash Equivalents instead of Investments.
2. The nonexpendable portion of the Kissell Trust Fund, \$52,000, was reported as Unreserved, Undesignated, Reported in Permanent Fund instead of Reserved for Endowment Principal.
3. Personal property tax loss reimbursements in the General Fund, \$40,659, and Parks and Recreation Fund, \$5,482, were recorded as Property and Other Local Taxes instead of Intergovernmental Revenue. Receipts were recorded as General Receipts, Property Taxes – General on the government wide financial statements, Statement of Activities, instead of General Receipts, Grants and Entitlements not Restricted to Specific Programs and Program Cash Receipts, Operating Grants and Contributions, Leisure Time Activities, respectively.
4. Ohio Water Development Authority loan proceeds of \$465,021 were recorded as Intergovernmental Revenue in the Turnpike Construction Fund instead of Loan Proceeds. In addition, on-behalf-of proceeds used to pay OWDA fees and capitalized interest of \$33,682 were not recorded. Proceeds were recorded as Special Items on the government wide financial statements, Statement of Activities, instead of General Receipts, Loan Proceeds.
5. The Turnpike Commission reimbursed the Village \$10,119 for the construction of the new water treatment plant and extension of water and sewer lines to the site of a service center. These reimbursements were recorded as Intergovernmental Revenue in the Turnpike Construction Fund instead of Turnpike Commission Reimbursements.
6. Receipts in the Water Fund, \$45,000, and Sewer Fund, \$95,000, were recorded as Other Operating Receipts instead of Miscellaneous Receipts (Non-Operating). Receipts of \$28,323 were improperly recorded in the General Fund instead of the Sewer Fund.
7. Capital Outlay expenditures for the new water treatment plant and water and sewer line extensions in the Water Fund, \$45,000, and Sewer Fund, \$95,000, were recorded as Operating Disbursements - Other instead of Non-Operating Disbursements – Capital Outlay.

8. Property tax allocation receipts of \$20,987 were recorded as General Receipts, Property Taxes – General on the government wide financial statements, Statement of Activities, instead of General Receipts, Grants and Entitlements not Restricted to Specific Programs, \$20,547, and Program Cash Receipts, Operating Grants and Contributions, Leisure Time Activities, \$440.
9. Parks and Recreation property tax receipts of \$19,569 were recorded as General Receipts, Property Taxes – General on the government wide financial statements, Statement of Activities, instead of General Receipts, Property Taxes – Parks.

Sound financial reporting is the responsibility of the fiscal officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the audit committee, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Uniform Accounting Network's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Official's Response:

Management does not disagree with this finding and acknowledges corrective procedures have been implemented regarding the audit adjustments.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC § 5705.41 (D)(1) – Fiscal Officer certification	No	Reissued as Finding 2009-001 in this report.
2008-002	Material Weakness – Financial Reporting	No	Reissued as Finding 2009-002 in this report.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST UNITY

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**