

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



Dave Yost • Auditor of State

Members of Council
Village of West Union
P. O. Box 395
West Union, Ohio 45693

We have reviewed the *Independent Auditors' Report* of the Village of West Union, Adams County, prepared by Bastin & Company, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 2, 2011

This Page is Intentionally Left Blank.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2010.....	3
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types For the Year Ended December 31, 2010.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009.....	5
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements.....	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Schedule of Prior Audit Findings	17

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of Village Council
Village of West Union, Ohio

We have audited the accompanying financial statements of the Village of West Union, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 22, 2011

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 60,854	\$ 103,096	\$ -	\$ 163,950
Municipal Income Tax	607,980	-	-	607,980
Intergovernmental Revenues	116,342	111,264	-	227,606
Charges for Services	586	78,652	-	79,238
Fines, Licenses and Permits	110,251	5,137	-	115,388
Earnings on Investments	2,851	-	-	2,851
Miscellaneous	24,942	12,832	-	37,774
Total Cash Receipts	923,806	310,981	-	1,234,787
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	376,068	145,761	-	521,829
Public Health Services	8,378	6,290	-	14,668
Leisure Time Activities	451	-	-	451
Basic Utility Service	46,137	-	-	46,137
Transportation	-	170,901	-	170,901
Community Environment	25	-	-	25
General Government	347,427	2,697	-	350,124
Total Cash Disbursements	778,486	325,649	-	1,104,135
Receipts Over (Under) Disbursements	145,320	(14,668)	-	130,652
Fund Cash Balances, January 1, 2010	626,541	212,564	2,960	842,065
Fund Cash Balances, December 31, 2010	<u>\$ 771,861</u>	<u>\$ 197,896</u>	<u>\$ 2,960</u>	<u>\$ 972,717</u>
Reserve for Encumbrances, December 31, 2010	<u>\$ 899</u>	<u>\$ 1,053</u>	<u>\$ -</u>	<u>\$ 1,952</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 1,356,498	\$ -	\$ 1,356,498
Total Operating Cash Receipts	<u>1,356,498</u>	<u>-</u>	<u>1,356,498</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	245,719	-	245,719
Fringe Benefits	90,844	-	90,844
Contractual Services	99,357	-	99,357
Supplies and Materials	215,793	-	215,793
Purchased Water	382,343	-	382,343
Total Operating Cash Disbursements	<u>1,034,056</u>	<u>-</u>	<u>1,034,056</u>
Operating Income	<u>322,442</u>	<u>-</u>	<u>322,442</u>
<i>Non-Operating Cash Receipts:</i>			
Other Non-Operating Cash Receipts:	<u>-</u>	<u>115,750</u>	<u>115,750</u>
Total Non-Operating Cash Receipts	<u>-</u>	<u>115,750</u>	<u>115,750</u>
<i>Non-Operating Cash Disbursements:</i>			
Principal Payments	203,242	-	203,242
Interest and Fiscal Charges	148,709	-	148,709
Other Non-Operating Cash Disbursements	<u>-</u>	<u>115,750</u>	<u>115,750</u>
Total Non-Operating Cash Disbursements	<u>351,951</u>	<u>115,750</u>	<u>467,701</u>
Excess of Receipts Over Disbursements Before Transfers and Advances	(29,509)	-	(29,509)
Transfers-In	352,400	-	352,400
Transfers-Out	<u>(352,400)</u>	<u>-</u>	<u>(352,400)</u>
Net Receipts Over (Under) Disbursements	(29,509)	-	(29,509)
Fund Cash Balances, January 1, 2010	<u>405,953</u>	<u>-</u>	<u>405,953</u>
Fund Cash Balances, December 31, 2010	<u>\$ 376,444</u>	<u>\$ -</u>	<u>\$ 376,444</u>
Reserve for Encumbrances, December 31, 2010	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 277</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 58,843	\$ 105,287	\$ -	\$ 164,130
Municipal Income Tax	628,853	-	-	628,853
Intergovernmental Revenues	97,740	111,323	-	209,063
Charges for Services	3,217	60,529	-	63,746
Fines, Licenses and Permits	77,435	3,680	-	81,115
Earnings on Investments	3,075	-	-	3,075
Miscellaneous	9,555	4,010	-	13,565
Total Cash Receipts	878,718	284,829	-	1,163,547
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	367,073	114,125	-	481,198
Public Health Services	7,982	6,112	-	14,094
Leisure Time Activities	441	-	-	441
Transportation	-	178,387	-	178,387
Community Environment	22	-	-	22
General Government	291,938	2,535	-	294,473
Total Cash Disbursements	667,456	301,159	-	968,615
Receipts Over (Under) Disbursements	211,262	(16,330)	-	194,932
Fund Cash Balances, January 1, 2009	415,279	228,894	2,960	647,133
Fund Cash Balances, December 31, 2009	<u>\$ 626,541</u>	<u>\$ 212,564</u>	<u>\$ 2,960</u>	<u>\$ 842,065</u>
Reserve for Encumbrances, December 31, 2009	<u>\$ 262</u>	<u>\$ 3,514</u>	<u>\$ -</u>	<u>\$ 3,776</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 1,362,205	\$ -	\$ 1,362,205
 Total Operating Cash Receipts	 <u>1,362,205</u>	 <u>-</u>	 <u>1,362,205</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	220,754	-	220,754
Fringe Benefits	104,199	-	104,199
Contractual Services	91,804	-	91,804
Supplies and Materials	130,112	-	130,112
Purchased Water	361,926	-	361,926
 Total Operating Cash Disbursements	 <u>908,795</u>	 <u>-</u>	 <u>908,795</u>
Operating Income	<u>453,410</u>	<u>-</u>	<u>453,410</u>
<i>Non-Operating Cash Receipts:</i>			
Other Non-Operating Cash Receipts:	-	73,467	73,467
 Total Non-Operating Cash Receipts	 <u>-</u>	 <u>73,467</u>	 <u>73,467</u>
<i>Non-Operating Cash Disbursements:</i>			
Principal Payments	193,457	-	193,457
Interest and Fiscal Charges	157,640	-	157,640
Other Non-Operating Cash Disbursements	-	73,467	73,467
 Total Non-Operating Cash Disbursements	 <u>351,097</u>	 <u>73,467</u>	 <u>424,564</u>
Excess of Receipts Over Disbursements Before Transfers and Advances	102,313	-	102,313
 Transfers-In	360,924	-	360,924
Transfers-Out	(360,924)	-	(360,924)
 Net Receipts Over (Under) Disbursements	 102,313	 -	 102,313
Fund Cash Balances, January 1, 2009	<u>303,640</u>	<u>-</u>	<u>303,640</u>
Fund Cash Balances, December 31, 2009	<u>\$ 405,953</u>	<u>\$ -</u>	<u>\$ 405,953</u>
Reserve for Encumbrances, December 31, 2009	<u>\$ 2,590</u>	<u>\$ -</u>	<u>\$ 2,590</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Union, Adams County, Ohio (Village) is a 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 operates under a council-mayor form of government and provides the following services: water and sewer utilities, police and fire protection, park operations, street lighting, road maintenance and general government services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments, if owned by the Village, 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 disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

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

Street Improvement Levy Fund - This fund receives property tax monies from a specific tax levy for constructing, maintaining and repairing Village streets.

Fire Levy Fund - This fund receives local taxes and revenues from contracts with other political subdivisions to provide fire protection services.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Fire Bond - This fund receives tax monies collected for the retirement of loans related to fire equipment.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayors Court Agency Fund - This fund is used to account for the collection and distribution of Mayor's Court fines, fees and bonds.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Inter-fund type eliminations have not been made in the aggregation of this data.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2010	2009
Demand deposits	\$1,296,351	\$1,221,031
Certificates of Deposit	52,810	26,987
Total Deposits	\$1,349,161	\$1,248,018

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 604,450	\$ 923,806	\$ 319,356
Special Revenue	312,720	310,981	(1,739)
Enterprise	1,725,400	1,708,898	(16,502)
Total	\$ 2,642,570	\$ 2,943,685	\$ 301,115

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 875,245	\$ 779,385	\$ 95,860
Special Revenue	403,664	326,702	76,962
Enterprise	1,861,873	1,738,684	123,189
Total	\$ 3,140,782	\$ 2,844,771	\$ 296,011

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 613,000	\$ 878,718	\$ 265,718
Special Revenue	284,064	284,829	765
Enterprise	1,712,424	1,723,129	10,705
Total	<u>\$ 2,609,488</u>	<u>\$ 2,886,676</u>	<u>\$ 277,188</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 742,070	\$ 667,718	\$ 74,352
Special Revenue	389,344	304,673	84,671
Enterprise	1,797,997	1,623,406	174,591
Total	<u>\$ 2,929,411</u>	<u>\$ 2,595,797</u>	<u>\$ 333,614</u>

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL EARNINGS TAX

The Village levies an earnings 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. The tax rate for 2010 and 2009 was 1.0 percent.

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.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

6. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Sewer Bond Issue - 1995	\$ 973,000	4.50%
USDA Rural Development Sewer Bond Issue - 1995	196,300	4.50%
OWDA Manchester Water Line Loan 2133 - 1999	631,239	5.86%
OWDA East Side Sewer Line Loan 3365 - 2001	218,595	2.20%
5/3 rd Bank Water/Sewer Refinance Bonds - 2003	900,000	3.50% - 5.25%
Total	<u>\$ 2,919,134</u>	

The USDA Rural Development Sewer Bond Issues were issued in 1995 for \$1,200,000 and \$563,000 respectively. Proceeds were used to rehabilitate the Village's wastewater treatment plant and other system components. The two bond issues mature in varying amounts from \$21,800 in 2011 to \$67,200 in 2034 and \$35,900 in 2011 to \$42,800 in 2015, respectively.

The Village obtained loans from the Ohio Water Development Authority for \$940,000 and \$399,677, respectively for certain water and sewer line construction projects. Upon completion of the projects, actual loan balances were adjusted to final costs and payments made through the date the loans were finalized were considered in establishing final payment amortization amounts. Payments of principal and interest are payable semi-annually through 2021 and 2023 respectively.

During 2003, the Village issued a \$1,500,000 refunding issue to consolidate several previously issued bonds related to the water and sewer systems. The water system is responsible for 33 percent of the refunding bonds while the sewer system is responsible for 67 percent. The bonds mature in varying amounts from \$95,000 in 2011 to \$130,000 in 2018.

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

Year Ending December 31,	5/3 rd Refinance Bonds	OWDA Loan #3365	OWDA Loan #2133	Sewer Bonds #92-13	Sewer Bonds #92-07	Totals
2011	\$140,000	\$24,472	\$72,664	\$44,734	\$65,585	\$347,455
2012	140,488	24,472	72,664	44,718	65,804	348,146
2013	140,738	24,472	72,664	44,731	65,869	348,474
2014	140,750	24,472	72,664	44,666	65,985	348,537
2015	140,113	24,472	72,664	44,725	66,146	348,120
2016-2020	413,948	122,356	363,320	-	332,837	1,232,461
2021-2025	-	-	181,660	-	337,001	518,661
2026-2030	-	-	-	-	342,369	342,369
2031-2034	-	-	-	-	278,918	278,918
Total	<u>\$1,116,037</u>	<u>\$244,716</u>	<u>\$908,300</u>	<u>\$223,574</u>	<u>\$1,620,514</u>	<u>\$4,113,141</u>

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2010 and 2009, OPERS' members contributed 10 percent of their gross wages. The Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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, 2009, PEP retained \$350,000 for casualty claims and \$150,000 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.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 36,374,898	\$ 35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Retained earnings	<u>\$ 21,118,036</u>	<u>\$ 20,459,329</u>

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

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>	
2010	\$18,964
2009	\$26,885

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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.

9. CONTINGENCIES

The Village is party to legal proceedings. The Village is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Village.

10. RELATED ORGANIZATIONS

The Village's volunteer fire department established the West Union Firemen's Building Association, a non-profit organization, for the purpose of owning a building to house the fire fighting equipment owed by the Village. The President of the Association is also an employee of the Village. The Village pays the Association a monthly fee for this equipment storage.

11. EMS AGREEMENT

By an agreement dated April 28, 2009, the Adams County Commissioners and the Village of West Union agreed that, effective May 1, 2009, in exchange for the County providing monthly funding of \$4,651.71 of EMS Levy funds beginning May 1, 2009 for at least until November 2011, the Village is to provide EMS services covering the Villages of West Union and Liberty, Tiffin, Brush Creek and Jefferson Townships in Adams County, Ohio. The Village further agreed to be wholly responsible to continue to provide such services in the event that the current EMS Levy or renewal levies cease. The levy was approved during 2010 for an additional 5 years. The County provided to the Village titles to EMS vehicles for such services. The Village currently has one EMS employee and utilizes an outside service entity to provide EMS services.

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of Village Council
Village of West Union, Ohio

We have audited the accompanying financial statements of the Village of West Union, Adams County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 22, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, members of Village Council, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

Bastin & Company, LLC

Cincinnati, Ohio
June 22, 2011

**VILLAGE OF WEST UNION
ADAMS COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2008-01	Audit adjustments to correct errors in financial statements	Yes	No significant adjustments were noted during the current audit period



Dave Yost • Auditor of State

VILLAGE OF WEST UNION

ADAMS 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
AUGUST 16, 2011