



Dave Yost • Auditor of State

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	12
Statement of Activities – Cash Basis	13
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	15
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – Governmental Funds.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Construction, Maintenance and Repair Fund	18
Statement of Fund Net Position – Cash Basis – Proprietary Funds.....	19
Statement of Receipts, Disbursements, and Changes in Fund Net Position – Cash Basis – Proprietary Funds	20
Notes to the Basic Financial Statements	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings	37
Schedule of Prior Audit Findings	39

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining information of the Village of West Unity, Williams County, Ohio (the Village) as of and for the year ended December 31, 2012, and related notes of the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012, 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 accordance with the accounting basis described in Note 2

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

July 1, 2014

THIS PAGE INTENTIONALLY LEFT BLANK.

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(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, 2012, 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 2012 are as follows:

Net position of governmental activities decreased \$109,967, or 8 percent, a small change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Capital Projects Fund. This fund experienced a decrease in fund balance due to more activity or projects being completed.

The Village's general receipts are primarily income taxes, grants and entitlements not restricted to specific programs, and property taxes. These receipts represent 53, 6 and 11 percent respectively, of the total cash received for governmental activities during the year.

Income tax revenue collections were up \$68,626 or 10 percent compared to the prior year.

Capital projects in 2012 included the Jackson Street Waterline and Storm Sewer (\$111,206.36) and Parkway Street Improvements Phase II (\$125,729.50) after 50/50 Issue 1 OPWC grant.

The business-type activities show a decrease of \$4,275 in net position from the prior year, the decrease can be attributed to the increasing cost associated with water/sewer testing. Also, the price of salt & chlorine for the water plant increased due to gas surcharges on deliveries.

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 position 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.

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.

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

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 position and the statement of activities reflect how the Village did financially during 2012, within the limitations of cash basis accounting. The statement of net position 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 position 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.

Business-type activity The Village has three business-type activities, the provision of water, sanitary sewer, 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

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

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 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 fund and the sewer fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2012 compared to 2011 on a cash basis:

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Cash and Cash Equivalents	\$890,609	\$1,050,576	\$377,392	\$381,667	\$1,268,001	\$1,432,243
Investments	352,000	302,000	54,000	54,000	406,000	356,000
Total Assets	<u>\$1,242,609</u>	<u>\$1,352,576</u>	<u>\$431,392</u>	<u>\$435,667</u>	<u>\$1,674,001</u>	<u>\$1,788,243</u>
Net Assets						
Restricted for:						
Debt Service	\$341,368	\$278,626			\$341,368	\$278,626
Capital Outlay	219,496	408,779			219,496	408,779
Permanent fund	52,508	52,813			52,508	52,813
Other Purposes	330,726	304,330			330,726	304,330
Unrestricted	298,511	308,028	431,392	435,667	729,903	743,695
Total Net Assets	<u>\$1,242,609</u>	<u>\$1,352,576</u>	<u>\$431,392</u>	<u>\$435,667</u>	<u>\$1,674,001</u>	<u>\$1,788,243</u>

As mentioned previously, net assets of Village activities decreased \$109,967 or 8 percent during 2012. The primary reasons contributing to the decreases in cash balances are Jackson Street waterline and storm sewer (\$111,206) and Parkway Street improvements phase II (\$125,712) capital projects being completed and small capital outlay projects such as Well #2 repair (9,141) and downtown sidewalk repair (\$13,061).

The business-type activities show a decrease of \$4,275 or 1 percent in net position from the prior year.

Table 2 reflects the changes in net position on a cash basis in 2011 and 2012 for Village activities, business-type activities and total primary government.

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

(Table 2)

Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$33,103	\$29,822	\$468,019	\$411,899	\$501,122	\$441,721
Operating Grants and Contributions	281,541	92,859			281,541	92,859
Capital Grants and Contributions		81,317				81,317
Total Program Receipts	<u>314,644</u>	<u>203,998</u>	<u>468,019</u>	<u>411,899</u>	<u>782,663</u>	<u>615,897</u>
General Receipts:						
Property and Other Local Taxes	156,670	129,391			156,670	129,391
Income Taxes	670,012	601,967			670,012	601,967
Grants and Entitlements Not Restricted to Specific Programs	73,573	148,891			73,573	148,891
Sale of Capital Assets	20,000	17,431			20,000	17,431
Cable Franchise Fees	15,973	15,259			15,973	15,259
Earnings on Investments	5,353	5,224	490	573	5,843	5,797
Miscellaneous	11,021	12,332	9,175	9,200	20,196	21,532
Total General Receipts	<u>952,602</u>	<u>930,495</u>	<u>9,665</u>	<u>9,773</u>	<u>962,267</u>	<u>940,268</u>
Total Receipts	<u>1,267,246</u>	<u>1,134,493</u>	<u>477,684</u>	<u>421,672</u>	<u>1,744,930</u>	<u>1,556,165</u>
Disbursements:						
Security of Persons and Property:	240,096	233,922			240,096	233,922
Public Health Services	3,934	5,744			3,934	5,744
Leisure Time Activities	10,559	7,724			10,559	7,724
Economic Development	2,733	4,364			2,733	4,364
Basic Utilities	21,967	19,911			21,967	19,911
Transportation	56,975	76,019			56,975	76,019
General Government	227,226	213,397			227,226	213,397
Capital Outlay	617,394	147,736			617,394	147,736
Principal Retirement	150,427	216,509			150,427	216,509
Interest and Fiscal Charges	45,902	85,300			45,902	85,300
Water			244,865	180,547	244,865	180,547
Sewer			223,743	154,819	223,743	154,819
Kissell Building Rental			8,372	9,164	8,372	9,164
Water Deposits			4,979	4,000	4,979	4,000
Total Disbursements	<u>1,377,213</u>	<u>1,010,626</u>	<u>481,959</u>	<u>348,530</u>	<u>1,859,172</u>	<u>1,359,156</u>
Increase(Decrease) in Net Position	(109,967)	123,867	(4,275)	73,142	(114,242)	197,009
Net Position, January 1,	1,352,576	1,228,709	435,667	362,525	1,788,243	1,591,234
Net Position, December 31,	<u>\$1,242,609</u>	<u>\$1,352,576</u>	<u>\$431,392</u>	<u>\$435,667</u>	<u>\$1,674,001</u>	<u>\$1,788,243</u>

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Program receipts represent only 41 percent of total receipts and are primarily comprised of charges for services (i.e. water and sewer), and operating grants and contributions (i.e. motor vehicle license and gas tax money).

General receipts represent 59 percent of the Village's total receipts, and of this amount, over 73 percent are local taxes (i.e. property and income). State and federal grants, entitlements, sale of capital assets, cable franchise fees, and investment earnings make up 10 percent of the balance of the Village's general receipts. Other receipts (17 percent) are 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, and the auditor, treasurer, 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; the Community Environment is the cost 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 on page 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, security of persons and property, general government, and debt service which account for 45, 17, 16, and 14 percent of all governmental disbursements, respectively. Transportation represents about 4 percent. The next three 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.

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

(Table 3)

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Security of Persons and Property	\$240,096	\$236,400	\$233,922	\$233,882
Public Health Services	3,934	3,934	5,744	5,744
Leisure Time Activities	10,559	9,168	7,724	5,085
Economic Development	2,733	1,953	4,364	3,849
Basic Utilities	21,967	21,967	19,911	19,911
Transportation	56,975	(23,077)	76,019	(32,436)
General Government	227,226	(1,499)	213,397	202,365
Capital Outlay	617,394	617,394	147,736	66,419
Principal Retirement	150,427	150,427	216,509	216,509
Interest and Fiscal Charges	45,902	45,902	85,300	85,300
Total Expenses	\$1,377,213	\$1,062,569	\$1,010,626	\$806,628

The dependence upon property and income tax receipts is apparent as over 77 percent of governmental activities are supported through these and other 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, 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 of \$ 1,267,246 and disbursements of \$ 1,377,213. The greatest change within governmental funds occurred within the Capital Projects Fund. The fund balance decreased \$188,303. The decrease is due to council's decision to go forward and complete capital projects such as Jackson St Waterline and storm sewer replacement without grant funding.

**VILLAGE OF WEST UNITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

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 2012, the Village amended its General Fund budget once to reflect a donation from Kamco for a Village downtown clock. Actual receipts exceed final budgeted receipts by \$7,277 or 2 percent. The variance was a result of increased income tax collections and the clock donation.

Final disbursements were budgeted at \$499,597 while actual disbursements were \$457,649. The Village over-appropriates in case significant unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2012, the Village's outstanding debt included \$1,557,677, which included \$189,000 in Mortgage Revenue Bonds for a sanitary sewer system improvement, \$696,301 in an Ohio Water Development Authority (OWDA) loan for a sewer facilities improvement project, and \$672,376 in an OWDA loan for new water treatment plant. For further information regarding the Village's debt, refer to Note 12 to the 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 expense and debt to provide the Ohio Turnpike commission with soft water and sewer services to the recently annexed and constructed plazas. The Village hopes to recoup these expenses through income tax collections and the water/sewer usage of the plazas. The Village has worked hard to promote growth and jobs. The Village is also currently reviewing water/sewer rates as they have not increased since 2003, action may occur next year to offset increase expenses in those funds.

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 Kim Grime, Fiscal Officer, Village of West Unity, 118 West Jackson Street, P.O. Box 207, West Unity, Ohio 43570-0207.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Net Position - Cash Basis
December 31, 2012*

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$890,609	\$377,392	\$1,268,001
Investments	352,000	54,000	406,000
<i>Total Assets</i>	<u>\$1,242,609</u>	<u>\$431,392</u>	<u>\$1,674,001</u>
Net Position			
Restricted for:			
Capital Projects	\$219,496		\$219,496
Debt Service	341,368		341,368
Permanent Fund Purpose:			
Expendable	508		508
Nonexpendable	52,000		52,000
Other Purposes	330,726		330,726
Unrestricted	298,511	\$431,392	729,903
<i>Total Net Position</i>	<u>\$1,242,609</u>	<u>\$431,392</u>	<u>\$1,674,001</u>

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2012*

	Program Cash Receipts	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities		
Current:		
Security of Persons and Property	\$240,096	\$3,696
Public Health Services	3,934	
Leisure Time Activities	10,559	\$1,391
Community Environment	2,733	780
Basic Utility Services	21,967	
Transportation	56,975	17,715
General Government	227,226	13,217
Capital Outlay	617,394	215,508
Debt Service:		
Principal Retirement	150,427	
Interest and Fiscal Charges	45,902	
<i>Total Governmental Activities</i>	1,377,213	33,103
Business-Type Activities		
Water Operating	244,865	251,764
Sewer Operating	223,743	210,825
Kissell Rental	8,372	
Sewer Reserve	4,979	5,430
<i>Total Business-Type Activities</i>	481,959	468,019
<i>Total Primary Government</i>	\$1,859,172	\$501,122

General Receipts:
Property Taxes
Income Taxes
Other Local Taxes
Grants and Entitlements not Restricted
to Specific Programs
Sale of Capital Assets
Cable Franchise Fees
Earnings on Investments
Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$236,400)		(\$236,400)
(3,934)		(3,934)
(9,168)		(9,168)
(1,953)		(1,953)
(21,967)		(21,967)
23,077		23,077
1,499		1,499
(617,394)		(617,394)
(150,427)		(150,427)
(45,902)		(45,902)
(1,062,569)		(1,062,569)
	\$6,899	6,899
	(\$12,918)	(12,918)
	(\$8,372)	(8,372)
	\$451	451
	(13,940)	(13,940)
(1,062,569)	(13,940)	(1,076,509)
136,924		136,924
670,012		670,012
19,746		19,746
73,573		73,573
20,000		20,000
15,973		15,973
5,353	490	5,843
11,021	9,175	20,196
952,602	9,665	962,267
(109,967)	(4,275)	(114,242)
1,352,576	435,667	1,788,243
\$1,242,609	\$431,392	\$1,674,001

THIS PAGE INTENTIONALLY LEFT BLANK.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2012*

	General	Street Construction Maintenance and Repair Fund	Other Debt Service Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$295,758	\$166,296	\$141,368	\$90,550	\$196,637	\$890,609
Investments			200,000	100,000	52,000	352,000
<i>Total Assets</i>	<u>\$295,758</u>	<u>\$166,296</u>	<u>\$341,368</u>	<u>\$190,550</u>	<u>\$248,637</u>	<u>\$1,242,609</u>
Fund Balances						
Nonspendable					\$52,000	\$52,000
Restricted		\$166,296		\$95,275	196,637	458,208
Committed			\$341,368	95,275		436,643
Assigned	\$629					629
Unassigned	295,129					295,129
<i>Total Fund Balances</i>	<u>\$295,758</u>	<u>\$166,296</u>	<u>\$341,368</u>	<u>\$190,550</u>	<u>\$248,637</u>	<u>\$1,242,609</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2012*

	General	Street Const. Maint. Rep.	Other Debt Service	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$223,337		\$259,071	\$187,603		\$670,011
Property Taxes	98,012				\$19,718	117,730
Other Local Taxes					17,715	17,715
Intergovernmental	85,955	\$71,718		215,508	40,873	414,054
Special Assessments	673					673
Charges for Services					920	920
Fines, Licenses and Permits	29,091				206	29,297
Earnings on Investments	4,531	343			951	5,825
Miscellaneous	5,898	1,289			3,834	11,021
Total Receipts	447,497	73,350	259,071	403,111	84,217	1,267,246
Disbursements						
Current:						
Security of Persons and Property	240,096					240,096
Public Health Services	3,661				273	3,934
Leisure Time Activities					10,559	10,559
Community Environment	1,956				777	2,733
Basic Utility Services	16,967				5,000	21,967
Transportation		31,972			25,003	56,975
General Government	194,339	32,072			814	227,226
Capital Outlay				591,414	25,981	617,394
Debt Service:						
Principal Retirement			150,427			150,427
Interest and Fiscal Charges			45,902			45,902
Total Disbursements	457,020	64,044	196,329	591,414	68,406	1,377,213
Net Change in Fund Balances	(9,523)	9,306	62,742	(188,303)	15,811	(109,967)
Fund Balances Beginning of Year	305,281	156,990	278,626	378,853	232,826	1,352,576
Fund Balances End of Year	\$295,758	\$166,296	\$341,368	\$190,550	\$248,637	\$1,242,609

See accompanying notes to the basic 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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$200,000	\$200,000	\$223,337	\$23,337
Property Taxes	133,400	133,400	98,012	(35,388)
Intergovernmental	67,470	67,470	85,955	18,485
Special Assessments			673	673
Fines, Licenses and Permits	26,350	26,350	29,091	2,741
Earnings on Investments	5,000	5,000	4,531	(469)
Miscellaneous	2,500	8,000	5,898	(2,102)
<i>Total Receipts</i>	<u>434,720</u>	<u>440,220</u>	<u>447,497</u>	<u>7,277</u>
Disbursements				
Current:				
Security of Persons and Property	251,894	251,894	240,532	11,362
Public Health Services	6,015	6,015	3,661	2,354
Community Environment	2,700	2,700	1,956	744
Basic Utility Services	19,900	19,900	16,967	2,933
General Government	213,588	219,088	194,532	24,555
<i>Total Disbursements</i>	<u>494,097</u>	<u>499,597</u>	<u>457,649</u>	<u>41,948</u>
<i>Net Change in Fund Balance</i>	(59,377)	(59,377)	(10,152)	49,225
<i>Fund Balance Beginning of Year</i>	304,311	304,311	304,311	
Prior Year Encumbrances Appropriated	970	970	970	
<i>Fund Balance End of Year</i>	<u>\$245,904</u>	<u>\$245,904</u>	<u>\$295,129</u>	<u>\$49,225</u>

See accompanying notes to the basic 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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$65,350	\$65,350	\$71,718	\$6,368
Earnings on Investments	450	450	343	(107)
Miscellaneous			1,289	1,289
<i>Total Receipts</i>	<u>65,800</u>	<u>65,800</u>	<u>73,350</u>	<u>7,550</u>
Disbursements				
Current:				
Transportation	58,843	58,843	32,004	26,839
General Government	40,153	40,153	32,390	7,764
<i>Total Disbursements</i>	<u>98,996</u>	<u>98,996</u>	<u>64,394</u>	<u>34,603</u>
<i>Net Change in Fund Balance</i>	(33,196)	(33,196)	8,957	42,153
<i>Fund Balance Beginning of Year</i>	156,837	156,837	156,837	
Prior Year Encumbrances Appropriated	153	153	153	
<i>Fund Balance End of Year</i>	<u>\$123,794</u>	<u>\$123,794</u>	<u>\$165,947</u>	<u>\$42,153</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2012*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$178,203	\$140,973	\$58,216	\$377,392
Investments			54,000	54,000
<i>Total Assets</i>	<u>\$178,203</u>	<u>\$140,973</u>	<u>\$112,216</u>	<u>\$431,392</u>
Net Position				
<i>Unrestricted</i>	<u>\$178,203</u>	<u>\$140,973</u>	<u>\$112,216</u>	<u>\$431,392</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2012*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$251,764	\$210,825	\$5,430	\$468,019
Miscellaneous			9,175	9,175
<i>Total Operating Receipts</i>	<u>251,764</u>	<u>210,825</u>	<u>14,605</u>	<u>477,194</u>
Operating Disbursements				
Personal Services	52,187	55,059		107,246
Employee Fringe Benefits	28,267	23,991		52,258
Contractual Services	36,406	40,861	4,081	81,348
Supplies and Materials	46,318	20,556	1,091	67,965
Other	2,577	4,166	8,179	14,922
<i>Total Operating Disbursements</i>	<u>165,755</u>	<u>144,633</u>	<u>13,351</u>	<u>323,739</u>
<i>Operating Income</i>	<u>86,009</u>	<u>66,192</u>	<u>1,254</u>	<u>153,455</u>
Non-Operating Receipts (Disbursements)				
Earnings on Investments			490	490
Principal Retirement	(55,526)	(55,526)		(111,052)
Interest and Other Fiscal Charges	(23,584)	(23,584)		(47,168)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(79,110)</u>	<u>(79,110)</u>	<u>490</u>	<u>(157,730)</u>
<i>Change in Net Position</i>	6,899	(12,918)	1,744	(4,275)
<i>Net Position Beginning of Year</i>	<u>171,304</u>	<u>153,891</u>	<u>110,472</u>	<u>435,667</u>
<i>Net Position End of Year</i>	<u><u>\$178,203</u></u>	<u><u>\$140,973</u></u>	<u><u>\$112,216</u></u>	<u><u>\$431,392</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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, serves as the President of Council and votes only to break a tie.

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

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village provides the following services to its citizens: police protection, parks and recreation, street maintenance and repairs, water and sewer utilities. Brady Township provides the Village with fire protection services. Council has direct responsibility for these services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the "Basis of Accounting" section of this note, 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 *modified* cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. 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 position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

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 fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

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

Street Construction, Maintenance, and Repair Fund 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 to be used to retire mortgage revenue bonds, loan proceeds received from the Ohio Water Development Authority (OWDA).

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

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned 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 either enterprise funds or internal service funds.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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 following are the Village's major enterprise funds:

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

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

Basis of Accounting

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

As a result of the use of this 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 expenses and liabilities) are not recorded in these financial statements.

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 Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund and the amount appropriated for personal services and benefits 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 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 Village Council during the year.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

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

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

During 2012, the Village invested in nonnegotiable certificates of deposit, which are recorded at cost.

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 2012 was \$4,531 which includes \$2,502 assigned from other Village funds.

Inventory and Prepaid Items

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

Capital Assets

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

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when 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 other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for other purposes include resources restricted streets. 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.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION/FUND EQUITY

For 2012, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - COMPLIANCE

Contrary to the Village's agreement with OWDA, it did not prescribe and charge such rates for services of the sewer system to result in revenues at least adequate to provide for payments required to remit its debt obligation payments to OWDA.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street, Construction, Maintenance and Repair Fund are 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$629 for the General fund and \$349 for the Street, Construction, Maintenance and Repair Fund.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$175 in un-deposited 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 7 – 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 8 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes. Property tax payments received during 2012 for tangible personal property (other than public utility property) is for 2012 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 21. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - PROPERTY TAXES (Continued)

The full tax rate for all Village operations for the year ended December 31, 2012, was \$8.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$24,105,470
Public Utility Property	955,990
Total	<u>\$25,061,460</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 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the Village contracted with HCC Public Risk and U.S. Specialty Insurance Company for commercial property and general liability coverage.

HCC Public Risk - U.S. Specialty Insurance Company		
Property	\$10,177,300	\$1,000
General Liability	1,000,000	1,000
Public Officials Liability	1,000,000	1,000
Law Enforcement Liability	1,000,000	2,500
Inland Marine	434,855	500
Crime	10,000	500
Umbrella	3,000,000	10,000

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Public Employees Retirement System (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in the state and local divisions contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The Village's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent in 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent in 2011. The portion of employer contributions allocated to health care changes during calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$21,393, \$22,776, and \$19,999 respectively. The full amount has been contributed for 2012, 2011, and 2010.

Ohio Police and Fire Pension Fund

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The Village's contributions to OP&F for police pension were \$17,947 for the year ended December 31, 2012, \$15,227 for 2011, and \$15,769 for the year ended December 31, 2010. For 2012, 75 percent has been contributed. The full amount has been contributed for 2011 and 2010.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 11 - POSTEMPLOYMENT BENEFITS

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 health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent through December 31, 2011.

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. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$8,557, \$9,111, and \$11,366, respectively. The full amount has been contributed for 2012, 2011 and 2010.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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 post-employment health care plan administered by OP&F. OP&F provides health care 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 No. 45.

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 is 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 by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. 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, 2011, the employer contribution allocated to the health care plan was 6.75 percent 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

Ohio Police and Fire Pension Fund (Continued)

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$8,131 for the year ended December 31, 2012, \$8,062 for the year ended December 31, 2011, and \$8,348 for the year ended December 31, 2010. For 2012, 85 percent has been contributed for police. The full amount has been contributed for 2011 and 2010.

NOTE 12 - DEBT

The changes in the Village's notes payable during 2012 were as follows:

	Balance			Balance	
	December 31,			December 31,	Due Within
	2011	Issued	Retired	2012	One Year
<u>Governmental Activities</u>					
Mortgage Revenue Bonds - 1976	\$231,000		\$42,000	\$189,000	\$44,000
OWDA Loan - 1997	806,962		110,661	696,301	115,267
OWDA Loan - 2008	783,428		111,052	672,376	77,985
Total	\$1,821,390		\$263,713	\$1,557,677	\$237,252

The Mortgage Revenue Bonds relate to a sanitary system improvement project. The bonds were issued by the Village on October 7, 1976, for an aggregate amount of \$901,000 with an interest rate of 5%. The bonds will be paid in annual installments according to the principal and interest amounts listed in the bond amortization schedule until October 1, 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, 2012 was \$66,490.

The 1997 OWDA loan relates to a sewer facilities improvement project. The loan will be repaid in semiannual installments of \$71,390, including interest at a rate of 4.12%, 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 Village borrowed \$800,000 from OWDA for the new water plant. The Village will make semi-annual payments on the principal and interest starting on January 1, 2011. The payments are to be made from the revenue collected in water and sewer usage for the new Turnpike Plazas. The total amount borrowed from OWDA is \$853,698 which includes interest and fees. The loan is at the interest rate of 4.21% for ten years.

Principal and interest requirements to retire the Village's future annual debt service outstanding at December 31, 2012, were as follows:

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 12 – DEBT (Continued)

Year	Principal	Interest
2013	\$237,252	\$64,457
2014	247,367	54,142
2015	257,824	43,385
2016	269,636	32,173
2017	227,817	20,442
2018-2020	317,781	17,309
Total	\$1,557,677	\$231,908

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.

NOTE 13 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction, Maintenance and Repair Fund	Other Debt Service Fund	Other Capital Projects Fund	Other Governmental Funds	Total
Nonspendable						
Kisell Endowment					\$52,000	\$52,000
Restricted for						
Parks and Recreation					80,131	80,131
Capital Improvements				\$95,275		95,275
Road Maintenance Improvements		\$166,296			81,866	248,162
Police Operations					383	383
Drug and Alcohol Education					5,312	5,312
Community Development					28,945	28,945
<i>Total Restricted</i>		166,296		95,275	196,637	458,208
Committed to						
Debt Service			\$341,368			341,368
Permanent Improvements				95,275		95,275
<i>Total Committed</i>			341,368	95,275		436,643
Assigned						
Unpaid Obligations (Encumbrances)	\$629					629
Unassigned:	295,129					295,129
Total Fund Balances	\$295,758	\$166,296	\$341,368	\$190,550	\$248,637	\$1,242,609



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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, 2012 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 1, 2014, wherein we noted the Village uses a special framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-002 and 2012-003.

Entity's Response to Finding

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.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

July 1, 2014

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012

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

FINDING NUMBER 2012-001

Material Weakness – Cash and Investments

The Village records identify the purchase of investments by specific fund. The Village's accounting policy for cash and investments states investments with an original maturity of less than three months and not purchased from the pool are to be reported as cash equivalents. Investments with an original maturity of more than three months are to be reported as investments.

The Village has four certificates of deposits with 24 months maturity purchased from the Other Debt Service fund, (\$200,000), Other Capital Projects fund, (\$100,000) and the Kissell Trust fund, (\$52,000). These amounts were reported as cash equivalents instead of investments on the financial statements.

Adjustments were made to correct this reporting on the financial statements.

We recommend the fiscal officer review the Village's accounting policy for cash and investments and report investments according to the policy.

Officials' Response:

No response was received by management to this finding.

FINDING NUMBER 2012-002

Significant Deficiency and Noncompliance

Ohio Rev. Code §5705.10 requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Ohio Rev. Code §5727.86 (C) requires tangible personal property fixed sum reimbursements to be allocated as the same proportions as if those amounts had been levied and collected as taxes.

Tangible personal property fixed sum reimbursement in the amount of \$2,753 was credited to the General fund instead of the Parks and Recreation Fund.

This adjustment has been recorded in accompanying financial statements and to the Village's accounting records.

We recommend the fiscal officer review the supporting documentation from the receipt to ensure the monies are allocated to the proper funds

Officials' Response:

Management has made appropriate corrective entries.

FINDING NUMBER 2012-003

Noncompliance

Ohio Water Development Authority (OWDA) Cooperative Agreement for Construction, Maintenance and Operation of Wastewater Project §4.3(a) provides the Village will prescribe and charge such rates for the services of the sewer system which shall result in pledged revenues at least adequate to provide for payments required to remit its debt obligation payments to OWDA.

Operating income of \$66,193 generated in 2012 from sewer charges was not adequate to provide for payments required to remit the Village's debt obligations of \$79,110 for 2012 to the OWDA.

We recommend the Village Council review the Village's sewer operations in order to determine if additional rate increases are needed to generate an adequate amount of revenues to provide for payments to meet its debt obligation to OWDA.

Officials' Response:

Management intends to review expenditures and user charges from sewer operations in order to narrow this deficit.

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Financial Reporting – due to errors in financial reporting.	No	Not corrected and repeated as Finding Number 2012-001 in this report.

This page intentionally left blank.



Dave Yost • 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
JULY 15, 2014**