

VILLAGE OF UNION CITY
DAYTON REGION, DARKE COUNTY
REGULAR AUDIT
JANUARY 1, 1999 – DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Village Council
Village of Union City
401 East Elm Street
Union City, Ohio 45390

We have reviewed the Independent Auditor's Report of the Village of Union City, Darke County, prepared by Vanderhorst & Manning CPAs LLC, for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

July 2, 2001

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**VILLAGE OF UNION CITY
DARKE COUNTY**

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VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Union City
Darke County
401 East Elm Street
Union City, Ohio 45390

We have audited the accompanying financial statements of the Village of Union City, Darke County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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 Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 of Union City, Darke County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards* we have also issued our report dated June 11, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Union City
Darke County
Report of Independent Accountants
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This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 11, 2001

**VILLAGE OF UNION CITY
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Taxes	\$ 295,938	\$ 49,199	\$ 0	\$ 345,137
Intergovernmental Receipts	148,094	60,521	275,000	483,615
Charges for Services	24,606	117,085	0	141,691
Fines, Licenses and Permits	22,598	0	0	22,598
Miscellaneous	100,463	19,065	0	119,528
Total Cash Receipts	<u>591,699</u>	<u>245,870</u>	<u>275,000</u>	<u>1,112,569</u>
Cash Disbursements:				
Current:				
Security of Person and Property	249,431	52,237	0	301,668
Public Health	4,014	99,409	0	103,423
Leisure Time Activities	0	5,558	0	5,558
Community Environment	2,249	0	0	2,249
Transportation	21,314	64,339	0	85,653
General Government	98,290	0	0	98,290
Capital Outlay	286,286	198,873	275,000	760,159
Debt Service	120,394	36,596	0	156,990
Total Cash Disbursements	<u>781,978</u>	<u>457,012</u>	<u>275,000</u>	<u>1,513,990</u>
Total Receipts Over/(Under) Disbursements	<u>(190,279)</u>	<u>(211,142)</u>	<u>0</u>	<u>(401,421)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Notes	121,000	185,000	0	306,000
Sale of Fixed Assets	30,777	0	55,500	86,277
Total Other Financing Receipts/(Disbursements)	<u>151,777</u>	<u>185,000</u>	<u>55,500</u>	<u>392,277</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(38,502)	(26,142)	0	(64,644)
Fund Cash Balances, January 1, 2000	<u>113,880</u>	<u>81,205</u>	<u>0</u>	<u>195,085</u>
Fund Cash Balances, December 31, 2000	<u>75,378</u>	<u>55,063</u>	<u>55,500</u>	<u>185,941</u>
Reserve for Encumbrances, December 31, 2000	<u>\$ 20,519</u>	<u>\$ 4,392</u>	<u>\$ 0</u>	<u>\$ 24,911</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF UNION CITY
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	PROPRIETARY FUND TYPE Enterprise	FIDUCIARY FUND TYPE Agency	Total (Memorandum Only)
Operating Cash Receipts:			
Changes for Services	\$ 305,322	\$ 0	\$ 305,322
Miscellaneous	<u>21,944</u>	<u>0</u>	<u>21,944</u>
Total Operating Cash Receipts	<u>327,266</u>	<u>0</u>	<u>327,266</u>
Operating Cash Disbursements:			
Personal Services	126,720	0	126,720
Contractual Services	71,786	0	71,786
Supplies and Materials	15,379	0	15,379
Capital Outlay	<u>129,712</u>	<u>0</u>	<u>129,712</u>
Total Operating Cash Disbursements	<u>343,597</u>	<u>0</u>	<u>343,597</u>
Operating Income (Loss)	<u>(16,331)</u>	<u>0</u>	<u>(16,331)</u>
Non-Operating Cash Receipts (Disbursements)			
Proceeds Sale of Notes	35,000	0	35,000
Other Non-Operating Receipts	20,206	22,691	42,897
Other Non-Operating Expenses	0	(20,858)	(20,858)
Debt Service	<u>(35,352)</u>	<u>0</u>	<u>(35,352)</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>19,854</u>	<u>1,833</u>	<u>21,687</u>
Cash Disbursements	<u>19,854</u>	<u>1,833</u>	<u>21,687</u>
Excess of Cash Receipts Over/(Under)	3,523	1,833	5,356
Fund Cash Balances, January 1, 2000	<u>471,406</u>	<u>1,188</u>	<u>472,594</u>
Fund Cash Balances, December 31, 2000	<u>474,929</u>	<u>3,021</u>	<u>477,950</u>
Reserve for Encumbrances, December 31, 2000	\$ <u>3,747</u>	\$ <u>0</u>	\$ <u>3,747</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF UNION CITY
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 278,365	\$ 50,316	\$ 328,681
Intergovernmental Receipts	478,513	65,088	543,601
Charges for Services	13,870	143,050	156,920
Fines, Licenses and Permits	18,760	2,078	20,838
Miscellaneous	15,977	841	16,818
Total Cash Receipts	<u>805,485</u>	<u>261,373</u>	<u>1,066,858</u>
Cash Disbursements:			
Current:			
Security of Person and Property	255,404	51,872	307,276
Public Health	3,840	90,855	94,695
Leisure Time Activities	0	4,242	4,242
Community Environment	3,184	0	3,184
Transportation	28,960	62,237	91,197
General Government	207,402	0	207,402
Capital Outlay	0	315,983	315,983
Debt Service	7,181	33,889	41,070
Total Cash Disbursements	<u>505,971</u>	<u>559,078</u>	<u>1,065,049</u>
Total Receipts Over/(Under) Disbursements	<u>299,514</u>	<u>(297,705)</u>	<u>1,809</u>
Other Financing Receipts/(Disbursements):			
Sale of Assets	0	4,500	4,500
Transfers In	52	3,912	3,964
Advances In	0	315,983	315,983
Transfers Out	(3,912)	(52)	(3,964)
Advances Out	<u>(315,983)</u>	<u>0</u>	<u>(315,983)</u>
Total Other Financing Receipts/(Disbursements)	<u>(319,843)</u>	<u>324,343</u>	<u>4,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,329)	26,638	6,309
Fund Cash Balances, January 1, 1999	<u>134,209</u>	<u>54,567</u>	<u>188,776</u>
Fund Cash Balances, December 31, 1999	<u>113,880</u>	<u>81,205</u>	<u>195,085</u>
Reserve for Encumbrances, December 31, 1999	\$ <u>100,261</u>	\$ <u>5,935</u>	\$ <u>106,196</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF UNION CITY
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	PROPRIETARY FUND TYPE <u>Enterprise</u>	FIDUCIARY FUND TYPE <u>Agency</u>	Total (Memorandum Only)
Operating Cash Receipts:			
Changes for Services	\$ 277,145	\$ 0	\$ 277,145
Miscellaneous	<u>9,967</u>	<u>0</u>	<u>9,967</u>
Total Operating Cash Receipts	<u>287,112</u>	<u>0</u>	<u>287,112</u>
Operating Cash Disbursements:			
Personal Services	124,346	0	124,346
Travel Transportation	1,642	0	1,642
Contractual Services	79,214	0	79,214
Supplies and Materials	47,126	0	47,126
Capital Outlay	<u>2,381</u>	<u>0</u>	<u>2,381</u>
Total Operating Cash Expenses	<u>254,709</u>	<u>0</u>	<u>254,709</u>
Operating Income	<u>32,403</u>	<u>0</u>	<u>32,403</u>
Non-Operating Cash Receipts (Disbursements):			
Other Non-Operating Receipts	18,653	21,023	39,676
Other Non-Operating Expenses	0	(22,629)	(22,629)
Debt Service	<u>(29,388)</u>	<u>0</u>	<u>(29,388)</u>
Total Non-Operating Cash Receipts (Disbursements) Cash Disbursements	<u>(10,735)</u>	<u>(1,606)</u>	<u>(12,341)</u>
Excess of Cash	21,668	(1,606)	20,062
Fund Cash Balances, January 1, 1999	<u>449,738</u>	<u>2,794</u>	<u>452,532</u>
Fund Cash Balances, December 31, 1999	<u>471,406</u>	<u>1,188</u>	<u>472,594</u>
Reserve for Encumbrances, December 31, 1999	\$ <u>265</u>	\$ <u>0</u>	\$ <u>265</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Union City, Darke County, Ohio (the Village) is a body corporate and public 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, including water, sewer, refuse service, and police and fire protection services.

The Village's management believes these financial statements present all activities for which the Village's 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 a payment is made 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

Certificates of deposit are valued at cost.

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

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

State Highway Improvement Fund – This fund receives intergovernmental shared revenue to maintain, repair, and improve the state highway.

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for construction, maintenance, and repair of Village streets.

Fire Equipment Fund – This fund receives money from fire contracts with the townships.

Rescue Fund – This fund receives money from charges for services for EMT runs and EMT contracts with townships.

Capital Projects Funds:

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Issue II Funds – The Village received a grant from the State of Ohio for street reconstruction.

Enterprise Funds:

These funds account for operations that are similar to private 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 enterprise funds:

Water Fund– This fund receives the revenue from water sales to Village residents. Water system operating expenditures are charged to this fund.

Sewer Fund – This fund receives revenue from sewer operations within the Village. Sewer system operating expenditures are charged to this fund.

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 the 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:

Mayor's Court Fund – This agency fund records the financial activity of the Village's Mayor's Court.

E. Budgetary Process

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

Appropriations

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

Estimate Resources

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

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 reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Sick Leave

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon retirement. Unpaid sick leave is not reflected as a liability under the cash basis of accounting used by the Village.

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:

	2000	1999
Demand Deposits	\$ 293,019	\$ 317,013
Certificates of Deposit	<u>370,872</u>	<u>350,666</u>
Totals	<u>\$ 663,891</u>	<u>\$ 667,679</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 743,476	\$ 743,476	\$ 0
Special Revenue	430,870	430,870	0
Capital Projects	55,500	330,500	(275,000)
Enterprise Funds	<u>382,472</u>	<u>382,472</u>	<u>0</u>
Total	<u>\$ 1,612,318</u>	<u>\$ 1,887,318</u>	<u>\$ (275,000)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 857,357	\$ 802,497	\$ 54,860
Special Revenue	512,262	461,404	50,858
Capital Projects	55,500	275,000	(219,500)
Enterprise Funds	<u>853,878</u>	<u>382,696</u>	<u>471,182</u>
Total	<u>\$ 2,278,997</u>	<u>\$ 1,921,597</u>	<u>\$ 357,400</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 880,999	\$ 805,537	\$ (75,462)
Special Revenue	543,132	585,768	42,636
Enterprise Funds	<u>321,112</u>	<u>305,765</u>	<u>(15,347)</u>
Total	<u>\$ 1,745,243</u>	<u>\$ 1,697,070</u>	<u>\$ (48,173)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,015,214	\$ 926,127	\$ 89,087
Special Revenue	597,699	565,065	32,634
Enterprise Funds	<u>770,852</u>	<u>284,362</u>	<u>486,490</u>
Total	<u>\$ 2,383,765</u>	<u>\$ 1,775,554</u>	<u>\$ 608,211</u>

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Water System Note	\$245,000	5.00%
Fire Truck Note	80,335	5.25%
Water/Sewage System Note	45,000	4.75%
Fire Truck Note	190,000	6.00%
State Grant Note	22,742	5.25%
Ambulance Note	35,000	5.25%
Water Lines Note	35,000	5.75%
Operating Note	<u>30,000</u>	6.00%
TOTAL	<u>\$683,077</u>	

The Water System Note was issued for improvements to the water system. The Fire Truck, Police Cruiser, and Ambulance Notes were issued for purchases of those respective assets. The Water/Sewage Note was issued for the purpose of an irrigation piping conversion. The State Grant Note was issued for village's share of grant for revitalization project. The notes are renewed annually.

Amortization of the long term debt, that is not renewed annually, including interest, is scheduled as follows:

Year Ending December 31	Water System Notes
2001	\$ 18,250
2002	17,950
2003	17,650
2004-2008	88,450
2009-2013	88,700
2014-2018	88,400
2019-2024	<u>106,400</u>
TOTAL	<u>\$425,800</u>

**VILLAGE OF UNION CITY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PFDPF members contributed 10% of their gross wages. The Village contributed an amount equal to 19.5% of their gross wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000, through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**REPORT OF INDEPENDENT ACCOUNTANTS ON
COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village Council
Village of Union City
401 East Elm Street
Union City, Ohio 45390

We have audited the financial statements of the Village of Union City, Darke County (the Village), as of and for the years ended December 2000 and 1999, and have issued our report thereon dated June 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated June 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 11, 2001.

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

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 11, 2001

**VILLAGE OF UNION CITY
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; of Finding No Longer Valid; Explain:
1998-30319-001	Money paid into any fund shall be used only for the purposes for which fund was established	Yes	Clerk monitoring and established a finance committee to monitor.
1998-30319-002	Report filed with Auditor of State within 60-days after close of year. 1997 not filed.	Yes	Clerk knowledgeable on compliance
1998-30319-003	No expenditure of money unless appropriated.	Yes	Appropriations are monitored and amendments are made if needed.
1998-30319-004	Prohibits political subdivision from making appropriations in excess of estimated revenue available for expenditures	Yes	Monitoring appropriations and estimated revenue more closely.
1998-30319-004	Appropriations made in excess of available resources	Yes	No appropriations made in excess of available resources.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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VILLAGE OF UNION CITY

DARKE 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 24, 2001**