



**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Unionville Center, Union County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 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 discussed in 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 of the Village as of December 31, 2000 and December 31, 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 May 15, 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.

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

JIM PETRO
Auditor of State

May 15, 2001

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**VILLAGE OF UNIONVILLE CENTER
UNION 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,893	\$0	\$0	\$4,893
Intergovernmental Receipts	7,489	6,778	19,146	33,413
Fines, Licenses, and Permits	511	0	0	511
Interest	500	845	0	1,345
	<u>13,393</u>	<u>7,623</u>	<u>19,146</u>	<u>40,162</u>
Total Cash Receipts				
	<u>13,393</u>	<u>7,623</u>	<u>19,146</u>	<u>40,162</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,356	0	0	2,356
Community Environment	300	0	0	300
Transportation		1,327	0	1,327
General Government	10,726	0	0	10,726
Capital Outlay		0	21,433	21,433
	<u>13,382</u>	<u>1,327</u>	<u>21,433</u>	<u>36,142</u>
Total Disbursements				
	<u>13,382</u>	<u>1,327</u>	<u>21,433</u>	<u>36,142</u>
Total Receipts Over/(Under) Disbursements	<u>11</u>	<u>6,296</u>	<u>(2,287)</u>	<u>4,020</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	2,000	2,000
Transfers-Out	0	(2,000)	0	(2,000)
	<u>0</u>	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>0</u>	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>11</u>	<u>4,296</u>	<u>(287)</u>	<u>4,020</u>
Fund Cash Balances, January 1	<u>8,950</u>	<u>13,743</u>	<u>3,098</u>	<u>25,791</u>
Fund Cash Balances, December 31	<u>\$8,961</u>	<u>\$18,039</u>	<u>\$2,811</u>	<u>\$29,811</u>

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

**VILLAGE OF UNIONVILLE CENTER
UNION 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,084	\$0	\$0	\$4,084
Intergovernmental Receipts	6,548	6,467	6,473	19,488
Fines, Licenses, and Permits	1,095	0	0	1,095
Interest	434	680	0	1,114
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	12,161	7,147	6,473	25,781
Cash Disbursements:				
Current:				
Security of Persons and Property	2,544	0	0	2,544
Community Environment	300	0	0	300
Transportation	0	8,518	0	8,518
General Government	10,123	0	0	10,123
Capital Outlay	<hr/>	<hr/>	<hr/>	<hr/>
	0	9,590	9,590	9,590
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	12,967	8,518	9,590	31,075
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(806)	(1,371)	(3,117)	(5,294)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	1,569	4,000	5,569
Transfers-Out	<hr/>	<hr/>	<hr/>	<hr/>
	0	(4,000)	(1,569)	(5,569)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	(2,431)	2,431	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(806)	(3,802)	(686)	(5,294)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	9,756	17,545	3,784	31,085
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$8,950	\$13,743	\$3,098	\$25,791

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Unionville Center, Union County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services. The Village contracts with the Union County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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 Fund:

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project 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:

Capital Project Fund - This fund receives intergovernmental revenues from the Ohio Public Works Commission. These receipts are used to construct storm sewer improvements.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio Law.

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 UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The STAR Ohio investment is allocated specifically to the General and Street Funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 13,515	\$ 10,465
STAR Ohio	<u>16,296</u>	<u>15,326</u>
Total deposits and investments	<u><u>\$29,811</u></u>	<u><u>\$25,791</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 11,705	\$ 13,393	\$ 1,688
Special Revenue	7,200	7,623	423
Capital Projects	<u>0</u>	<u>21,146</u>	<u>21,146</u>
Total	<u><u>\$ 18,905</u></u>	<u><u>\$ 42,162</u></u>	<u><u>\$ 23,257</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 16,656	\$ 13,382	\$ 3,274
Special Revenue	8,200	3,327	4,873
Capital Projects	<u>3,098</u>	<u>21,433</u>	<u>(18,335)</u>
Total	<u><u>\$ 27,954</u></u>	<u><u>\$ 38,142</u></u>	<u><u>\$ (10,188)</u></u>

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,111	\$ 12,161	\$ 1,050
Special Revenue	6,800	8,716	1,916
Capital Projects	0	10,473	10,473
Total	\$ 17,911	\$ 31,350	\$ 13,439

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 16,687	\$ 12,967	\$ 3,720
Special Revenue	18,800	12,518	6,282
Capital Projects	8,500	11,159	(2,659)
Total	\$ 43,987	\$ 36,644	\$ 7,343

Budgetary expenditures significantly exceeded appropriations in the Capital Project fund for fiscal year 2000, which is in violation of Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

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 UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEM

Officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, 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, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained insurance for commercial property coverage.

7. RELATED PARTY TRANSACTION

In 1999, the Village paid Mike's Landscaping \$1,500 dollars for lawn mowing and leaf pickup. The company is owned by a Council member's brother.

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Unionville Center, Union County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 15, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2000-0659-001 and 002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 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 operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 15, 2001.

Village of Unionville Center
Union County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

May 15, 2001

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-00659-001

Ohio Rev. Code Section 5705.41(B) prohibits a Village from making an expenditure unless it has been appropriated.

Expenditures exceeded appropriations in the Capital Projects Fund by \$18,335 and \$2,654 in 2000 and 1999 respectively.

It is recommended the Clerk-Treasurer monitor the expenditures throughout the year to ensure that they do not exceed the appropriations approved by the Village Council. Shortfalls should be reported to Council for possible amendments to the appropriation resolution.

FINDING NUMBER 2000-00659-002

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Village Council.

For 76% of the transactions tested, the obligations were not properly certified. Therefore, the disbursements were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments. We recommend that the Village take advantage of this budgetary tool to aid in overall control of the budget.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF UNIONVILLE CENTER

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 7, 2001**