



**Auditor of State
Betty Montgomery**

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002, and December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 fund cash balances of the Village of Unionville Center, Union County, Ohio, as of December 31, 2002, and December 31, 2001, and its 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 March 13, 2003, 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, the 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 13, 2003

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**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,865	\$0	\$0	\$4,865
Intergovernmental Receipts	7,618	7,244	0	14,862
Fines, Licenses, and Permits	925	0	0	925
Earnings on Investments	163	264	0	428
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	13,571	7,508	0	21,080
Cash Disbursements:				
Current:				
Security of Persons and Property	2,464	0	0	2,464
Transportation	0	3,308	0	3,308
General Government	11,190	0	0	11,190
Capital Outlay	0	0	476	476
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	13,654	3,308	476	17,438
Total Cash Receipts Over/(Under) Cash Disbursements	(83)	4,201	(476)	3,641
Fund Cash Balances, January 1	11,598	10,844	5,451	27,893
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$11,515</u>	<u>\$15,045</u>	<u>\$4,975</u>	<u>\$31,534</u>

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

VILLAGE OF UNIONVILLE CENTER
UNION COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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	\$4,907	\$0	\$0	\$4,907
Intergovernmental Receipts	9,774	7,295	52,949	70,018
Fines, Licenses, and Permits	1,452	0	0	1,452
Earnings on Investments	295	642	0	937
Miscellaneous	27	0	0	27
	<u>16,455</u>	<u>7,937</u>	<u>52,949</u>	<u>77,341</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,472	0	0	2,472
Community Environment	300	0	0	300
Transportation	0	12,258	0	12,258
General Government	11,046	0	0	11,046
Capital Outlay	0	0	53,184	53,184
	<u>13,818</u>	<u>12,258</u>	<u>53,184</u>	<u>79,260</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,637</u>	<u>(4,321)</u>	<u>(235)</u>	<u>(1,919)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	0	2,874	2,874
Transfers-Out	0	(2,874)	0	(2,874)
	<u>0</u>	<u>(2,874)</u>	<u>2,874</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,637	(7,195)	2,639	(1,919)
Fund Cash Balances, January 1	<u>8,961</u>	<u>18,039</u>	<u>2,811</u>	<u>29,811</u>
Fund Cash Balances, December 31	<u>\$11,598</u>	<u>\$10,844</u>	<u>\$5,451</u>	<u>\$27,892</u>

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, 2002 AND 2001**

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 government 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

Investments are not 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.

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

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

This fund is 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 Special Revenue Fund:

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

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Capital Project Fund

This fund is 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 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 or object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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.

A summary of 2002 and 2001 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, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 14,182	\$ 10,860
STAR Ohio	<u>17,352</u>	<u>17,032</u>
Total deposits and investments	<u>\$31,534</u>	<u>\$27,892</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, 2002, and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$14,505	\$13,571	(\$934)
Special Revenue	7,524	7,508	(16)
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$22,029</u>	<u>\$21,079</u>	<u>(\$950)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$14,650	\$13,654	\$996
Special Revenue	17,500	3,308	14,192
Capital Projects	<u>0</u>	<u>476</u>	<u>(476)</u>
Total	<u>\$32,150</u>	<u>\$17,438</u>	<u>\$14,712</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$13,500	\$16,455	\$2,955
Special Revenue	7,400	7,937	537
Capital Projects	<u>0</u>	<u>55,823</u>	<u>55,823</u>
Total	<u>\$20,900</u>	<u>\$80,215</u>	<u>\$59,315</u>

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,604	\$13,818	\$2,786
Special Revenue	9,200	15,132	(5,932)
Capital Projects	2,811	53,184	(50,373)
Total	\$28,615	\$82,134	(\$53,519)

Contrary to Ohio law, in 2001, budgetary expenditures exceeded appropriations by \$5,932 and \$50,373 in the Street Construction, Maintenance, and Repair Fund, and in the Capital Projects fund, respectively. In 2002, budgetary expenditures also exceeded appropriations by \$476 in the Capital Projects fund.

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 payments, 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.

5. RETIREMENT SYSTEMS

Officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Village has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Village has obtained commercial property insurance.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, 2002, and December 31, 2001, and have issued our report thereon dated March 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2002-30680-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 13, 2003.

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 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 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 March 13, 2003.

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Village of Unionville Center
Union County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 13, 2003

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

Finding Number	2002-30680-001
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Expenditures Exceed Appropriations

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Budgetary expenditures exceeded appropriations as follows:

Date	Fund	Appropriations	Budgetary Expenditures	Variance
12/31/2001	Street Construction	\$ 9,200	\$ 15,132	\$ (5,932)
12/31/2001	Capital Projects	2,811	53,184	(50,373)
12/31/2002	Capital Projects	-	476	(476)

We recommend the Village closely monitor expenditures in respect to appropriations.

**VILLAGE OF UNIONVILLE CENTER
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30680-001	Expenditures Exceed Appropriations	No	A citation has been included in the audit report.
2000-30680-002	Prior Certification of Expenditures	Yes	Fully Corrected.



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**