



Dave Yost • Auditor of State

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 the accompanying 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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2.C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Street Construction, Maintenance, and Repair funds thereof for the year then ended in conformity with the basis of accounting Note 2.C. describes.

As described in Note 3, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is 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.



Dave Yost
Auditor of State

July 23, 2012

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(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, 2011, 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 2011 are as follows:

Net assets of governmental activities increased \$ 123,867 or 10 percent. The fund most affected by the increase in cash and cash equivalents was the Other Capital Projects Fund. The increase was due to fewer projects during the year.

The Village's general receipts are primarily income taxes, grants and entitlements not restricted to specific programs, and property taxes. These receipts represent 53, 13, and 11 percent, respectively, of the total cash received for governmental activities during the year.

Income tax revenue collections were up \$81,742 or 16 percent compared to the prior year.

Capital projects in 2011 included the North Parkway project (\$206,952) and sidewalk replacement project in front of the post office (\$17,210).

The business-type activities show an increase of \$73,142 or 20 percent in net assets from the prior year. The increase can be attributed to the increase in water and sewer receipts as a result of the new Turnpike plazas opening in July 2010 and the Village paying off the water tower loan in 2010.

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 assets 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

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.

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 assets and the statement of activities reflect how the Village did financially during 2011, within the limitations of cash basis accounting. The statement of net assets 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 assets 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 four business-type activities, the provision of water, sanitary sewer, Kissell building rentals, and water deposits. Business-type activities are financed by a fee charged to the customers receiving the service.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

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 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 Operating Fund and the Sewer Operating Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Cash and Cash Equivalents	\$1,050,576	\$926,709	\$381,667	\$308,525	\$1,432,243	\$1,235,234
Investments	302,000	302,000	54,000	54,000	356,000	356,000
Total Assets	<u>\$1,352,576</u>	<u>\$1,228,709</u>	<u>\$435,667</u>	<u>\$362,525</u>	<u>\$1,788,243</u>	<u>\$1,591,234</u>
Net Assets						
Restricted for:						
Debt Service	\$278,626	\$347,674			\$278,626	\$347,674
Capital Outlay	408,779	297,509			408,779	297,509
Permanent fund	52,813	54,550			52,813	54,550
Other Purposes	304,330	284,072			304,330	284,072
Unrestricted	308,028	244,904	\$435,667	\$362,525	743,695	607,429
Total Net Assets	<u>\$1,352,576</u>	<u>\$1,228,709</u>	<u>\$435,667</u>	<u>\$362,525</u>	<u>\$1,788,243</u>	<u>\$1,591,234</u>

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

As mentioned previously, net assets of governmental activities increased \$123,867 or 10 percent during 2011. The primary reasons contributing to the increases in cash balances are as follows:

- Income tax collections were up \$81,472 compared to the prior year.
- The Village sold the old backhoe for \$ 17,431.
- The Village received a \$10,000 reimbursement after discontinuing their membership in the Public Entities Pool of Ohio (PEP).

The business-type activities show an increase of \$73,142 or 20 percent in net assets from the prior year. The increases can be attributed to the increase in receipts as a result of the new Turnpike plazas opening in July 2010 and the Village paying off the water tower loan in 2010.

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2011 for governmental activities, business-type activities and total primary government.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$29,822	\$31,284	\$411,899	\$377,544	\$441,721	\$408,828
Operating Grants and Contributions	92,859	85,306			92,859	85,306
Capital Grants and Contributions	81,317	25,000			81,317	25,000
Total Program Receipts	203,998	141,590	411,899	377,544	615,897	519,134
General Receipts:						
Property Taxes	129,391	129,465			129,391	129,465
Income Taxes	601,967	520,225			601,967	520,225
Grants and Entitlements Not Restricted to Specific Programs	148,891	167,603			148,891	167,603
Sale of Capital Assets	17,431				17,431	
Cable franchise fees	15,259	13,569			15,259	13,569
Earnings on Investments	5,224	11,429	573	1,659	5,797	13,088
Loan Proceeds		16,703				16,703
Micellaneous	12,332	2,655	9,200	15,545	21,532	18,200
Total General Receipts	930,495	861,649	9,773	17,204	940,268	878,853
Total Receipts	1,134,493	1,003,239	421,672	394,748	1,556,165	1,397,987
Disbursements:						
Security of Persons and Property:	233,922	219,037			233,922	219,037
Public Health Services	5,744	11,730			5,744	11,730
Leisure Time Activities	7,724	10,492			7,724	10,492
Community Environment	4,364	3,475			4,364	3,475
Basic Utility Services	19,911	19,044			19,911	19,044
Transportation	76,019	60,175			76,019	60,175
General Government	213,397	232,407			213,397	232,407
Capital Outlay	147,736	160,410			147,736	160,410
Debt Service:						
Principal Retirement	216,509	139,993			216,509	139,993
Interest and Fiscal Charges	85,300	56,236			85,300	56,236
Water			180,547	224,904	180,547	224,904
Sewer			154,819	174,174	154,819	174,174
Kissell Building Rental			9,164	9,850	9,164	9,850
Water Deposits			4,000	3,120	4,000	3,120
Total Disbursements	1,010,626	912,999	348,530	412,048	1,359,156	1,325,047
Increase (Decrease) in Net Assets	123,867	90,240	73,142	(17,300)	197,009	72,940
Net Assets, January 1,	1,228,709	1,138,469	362,525	379,825	1,591,234	1,518,294
Net Assets, December 31,	\$1,352,576	\$1,228,709	\$435,667	\$362,525	\$1,788,243	\$1,591,234

Program receipts represent only 40 percent of total receipts and are primarily comprised of water and sewer charges for services, operating grants and contributions (i.e. motor vehicle license and gas tax money), and capital grants and contributions (i.e. Community Development Block Grants, Issue I grants).

General receipts represent 60 percent of the Village's total receipts, and of this amount, 78 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 20 percent of the balance of the Village's general receipts. Other receipts (2 percent) are very insignificant and 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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

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; 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 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 debt service, security of persons and property, general government, and capital outlay which account for 30, 23, 21, and 15 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 8 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.

(Table 3)				
Governmental Activities				
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2011	2011	2010	2010
Security of Persons and Property	\$233,922	\$233,882	\$219,037	\$218,052
Public Health Services	5,744	5,744	11,730	11,730
Leisure Time Activities	7,724	5,085	10,492	7,985
Economic Development	4,364	3,849	3,475	2,930
Basic Utilities	19,911	19,911	19,044	19,044
Transportation	76,019	(32,436)	60,175	(39,988)
General Government	213,397	202,365	232,407	220,017
Capital Outlay	147,736	66,419	160,410	135,410
Debt Service:				
Principal Retirement	216,509	216,509	139,993	139,993
Interest and Fiscal Charges	85,300	85,300	56,236	56,236
Total Expenses	\$1,010,626	\$806,628	\$912,999	\$771,409

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

The dependence upon property and income tax receipts is apparent as over 79 percent of governmental activities are supported through these 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, and 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 and other financing sources of \$1,134,493 and disbursements of \$1,010,626. The greatest change within governmental funds occurred within the Other Capital Projects Fund. The fund balance increased \$81,344. The increase is due to relatively few capital projects during the year.

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.

The Village did not amend the General Fund's budgeted receipts or disbursements during 2011. Actual receipts and other financing sources exceed final budgeted receipts by \$69,557 or 15.7 percent. The variance was a result of increased income tax collections, an unexpected estate tax, and the sale of the Village's old backhoe.

Final disbursements were budgeted at \$517,471 while actual disbursements were \$454,560. 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, 2011, the Village's outstanding debt included \$1,821,390, which included \$231,000 in Mortgage Revenue Bonds for a sanitary sewer system improvement, \$806,962 in an Ohio Water Development Authority (OWDA) loan for a sewer facilities improvement project, and \$783,428 in an OWDA loan for new water treatment plant. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

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.

Contacting the Government'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 Beth Rediger, Fiscal Officer, Village of West Unity, 118 West. Jackson Street, P.O. Box 207, West Unity, Ohio 43570-0270.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2011*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,050,576	\$381,667	\$1,432,243
Investments	302,000	54,000	356,000
<i>Total Assets</i>	<u><u>\$1,352,576</u></u>	<u><u>\$435,667</u></u>	<u><u>\$1,788,243</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$408,779		\$408,779
Debt Service	278,626		278,626
Permanent Fund	52,813		52,813
Other Purposes	304,330		304,330
Unrestricted	308,028	\$435,667	743,695
<i>Total Net Assets</i>	<u><u>\$1,352,576</u></u>	<u><u>\$435,667</u></u>	<u><u>\$1,788,243</u></u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property	\$233,922		\$40	
Public Health Services	5,744			
Leisure Time Activities	7,724	\$1,000	1,639	
Community Environment	4,364	515		
Basic Utility Services	19,911			
Transportation	76,019	17,275	91,180	
General Government	213,397	11,032		
Capital Outlay	147,736			\$81,317
Debt Service:				
Principal	216,509			
Interest	85,300			
<i>Total Governmental Activities</i>	1,010,626	29,822	92,859	81,317
Business Type Activities				
Water Operating	180,547	229,872		
Sewer Operating	154,819	176,304		
Kissell Rental	9,164			
Water Deposit	4,000	5,723		
<i>Total Business Type Activities</i>	348,530	411,899		
Total	\$1,359,156	\$441,721	\$92,859	\$81,317

General Receipts

Property Taxes Levied for:

 General Purposes

 Park Operations

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Sale of Capital Assets

Cable Franchise Fees

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$233,882)		(\$233,882)
(5,744)		(5,744)
(5,085)		(5,085)
(3,849)		(3,849)
(19,911)		(19,911)
32,436		32,436
(202,365)		(202,365)
(66,419)		(66,419)
(216,509)		(216,509)
(85,300)		(85,300)
(806,628)		(806,628)
	\$49,325	49,325
	21,485	21,485
	(9,164)	(9,164)
	1,723	1,723
	63,369	63,369
(806,628)	63,369	(743,259)
108,849		108,849
20,542		20,542
601,967		601,967
148,891		148,891
17,431		17,431
15,259		15,259
5,224	573	5,797
12,332	9,200	21,532
930,495	9,773	940,268
123,867	73,142	197,009
1,228,709	362,525	1,591,234
<u>\$1,352,576</u>	<u>\$435,667</u>	<u>\$1,788,243</u>

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011*

	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	\$305,281	\$156,990	\$128,626	\$278,853	\$180,826	\$1,050,576
Investments			150,000	100,000	52,000	302,000
<i>Total Assets</i>	<u>\$305,281</u>	<u>\$156,990</u>	<u>\$278,626</u>	<u>\$378,853</u>	<u>\$232,826</u>	<u>\$1,352,576</u>
Fund Balances						
Nonspendable					\$52,000	\$52,000
Restricted		\$156,990		\$189,427	180,826	527,243
Committed			\$278,626	189,426		468,052
Assigned	\$970					970
Unassigned	304,311					304,311
<i>Total Fund Balances</i>	<u>\$305,281</u>	<u>\$156,990</u>	<u>\$278,626</u>	<u>\$378,853</u>	<u>\$232,826</u>	<u>\$1,352,576</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011*

	General	Street Construction, Maintenance, and Repair Fund	Other Debt Service Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$108,850				\$37,816	\$146,666
Municipal Income Taxes	200,656		\$232,761	\$168,550		601,967
Intergovernmental	142,822	\$70,483		27,360	80,036	320,701
Charges for Services					1,000	1,000
Fines, Licenses and Permits	26,652				154	26,806
Earnings on Investments	5,224	393			1,101	6,718
Miscellaneous	12,332				872	13,204
<i>Total Receipts</i>	<u>496,536</u>	<u>70,876</u>	<u>232,761</u>	<u>195,910</u>	<u>120,979</u>	<u>1,117,062</u>
Disbursements						
Current:						
Security of Persons and Property	233,422				500	233,922
Public Health Services	5,600				144	5,744
Leisure Time Activities					7,724	7,724
Community Environment	2,076				2,288	4,364
Basic Utility Services	15,911				4,000	19,911
Transportation		42,558			33,461	76,019
General Government	189,518	20,365			3,514	213,397
Capital Outlay	7,063			114,566	26,107	147,736
Debt Service:						
Principal Retirement			216,509			216,509
Interest and Fiscal Charges			85,300			85,300
<i>Total Disbursements</i>	<u>453,590</u>	<u>62,923</u>	<u>301,809</u>	<u>114,566</u>	<u>77,738</u>	<u>1,010,626</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,946</u>	<u>7,953</u>	<u>(69,048)</u>	<u>81,344</u>	<u>43,241</u>	<u>106,436</u>
Other Financing Sources						
Sale of Capital Assets	17,431					17,431
<i>Net Change in Fund Balances</i>	<u>60,377</u>	<u>7,953</u>	<u>(69,048)</u>	<u>81,344</u>	<u>43,241</u>	<u>123,867</u>
Fund Balances Beginning of Year	244,904	149,037	347,674	297,509	189,585	1,228,709
<i>Fund Balances End of Year</i>	<u>\$305,281</u>	<u>\$156,990</u>	<u>\$278,626</u>	<u>\$378,853</u>	<u>\$232,826</u>	<u>\$1,352,576</u>

See accompanying notes to the 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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$147,000	\$147,000	\$108,850	(\$38,150)
Municipal Income Taxes	172,000	172,000	200,656	28,656
Intergovernmental	88,430	88,430	142,822	54,392
Fines, Licenses and Permits	23,980	23,980	26,652	2,672
Earnings on Investments	11,000	11,000	5,224	(5,776)
Miscellaneous	2,000	2,000	12,332	10,332
<i>Total Receipts</i>	444,410	444,410	496,536	52,126
Disbursements				
Current:				
Security of Persons and Property	248,581	248,581	234,144	14,437
Public Health Services	11,000	11,000	5,600	5,400
Community Environment	3,100	3,100	2,076	1,024
Basic Utility Services	18,800	18,800	15,911	2,889
General Government	228,490	228,490	189,766	38,724
Capital Outlay	7,500	7,500	7,063	437
<i>Total Disbursements</i>	517,471	517,471	454,560	62,911
<i>Excess of Receipts Over / (Under) Disbursements</i>	(73,061)	(73,061)	41,976	115,037
Other Financing Sources				
Sale of Capital Assets			17,431	17,431
<i>Net Change in Fund Balance</i>	(73,061)	(73,061)	59,407	132,468
<i>Fund Balance Beginning of Year</i>	241,592	241,592	241,592	
Prior Year Encumbrances Appropriated	3,312	3,312	3,312	
<i>Fund Balance End of Year</i>	\$171,843	\$171,843	\$304,311	\$132,468

See accompanying notes to the 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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$64,300	\$64,300	\$70,483	\$6,183
Earnings on Investments	800	800	393	(407)
<i>Total Receipts</i>	<u>65,100</u>	<u>65,100</u>	<u>70,876</u>	<u>5,776</u>
Disbursements				
Current:				
Transportation	44,630	44,630	42,558	2,072
General Government	30,000	30,000	20,518	9,482
<i>Total Disbursements</i>	<u>74,630</u>	<u>74,630</u>	<u>63,076</u>	<u>11,554</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(9,530)</u>	<u>(9,530)</u>	<u>7,800</u>	<u>17,330</u>
<i>Fund Balance Beginning of Year</i>	142,037	142,037	142,037	
Prior Year Encumbrances Appropriated	7,000	7,000	7,000	
<i>Fund Balance End of Year</i>	<u>\$139,507</u>	<u>\$139,507</u>	<u>\$156,837</u>	<u>\$17,330</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Basis Fund Net Assets
Proprietary Funds
December 31, 2011*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$171,304	\$153,891	\$56,472	\$381,667
Investments			54,000	54,000
<i>Total Assets</i>	<u>\$171,304</u>	<u>\$153,891</u>	<u>\$110,472</u>	<u>\$435,667</u>
Net Assets				
Unrestricted	<u>\$171,304</u>	<u>\$153,891</u>	<u>\$110,472</u>	<u>\$435,667</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$229,872	\$176,304	\$5,723	\$411,899
Other Operating Receipts			9,200	9,200
<i>Total Operating Receipts</i>	<u>229,872</u>	<u>176,304</u>	<u>14,923</u>	<u>421,099</u>
Operating Disbursements				
Personal Services	51,495	55,525		107,020
Employee Fringe Benefits	29,975	25,570		55,545
Contractual Services	45,688	42,609	4,494	92,791
Materials and Supplies	51,002	27,771		78,773
Other	2,387	3,344	8,670	14,401
<i>Total Operating Disbursements</i>	<u>180,547</u>	<u>154,819</u>	<u>13,164</u>	<u>348,530</u>
<i>Operating Income</i>	49,325	21,485	1,759	72,569
Non-Operating Receipts				
Earnings on Investments			573	573
<i>Change in Net Assets</i>	49,325	21,485	2,332	73,142
Net Assets Beginning of Year	<u>121,979</u>	<u>132,406</u>	<u>108,140</u>	<u>362,525</u>
<i>Net Assets End of Year</i>	<u><u>\$171,304</u></u>	<u><u>\$153,891</u></u>	<u><u>\$110,472</u></u>	<u><u>\$435,667</u></u>

See accompanying notes to the financial statements

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 and votes only to break a tie.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village streets, park operations, and police services. The Village contracts with Brady Township to provide fire protection services.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental 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 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds 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.

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 proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental, and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other no exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund- The General Fund is the general operating fund. It is used to account for all financial resources except for those required to be accounted for 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 for the retirement of mortgage revenue bonds and Ohio Water Development Authority loans.

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

The other governmental funds of the Village account for 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 enterprise.

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 Village has the following major enterprise funds:

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

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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.

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 liabilities and the related expenses) are not recorded in these financial statements.

D. 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 the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with amounts appropriated for personal services and benefits separately identified 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 the Village Council.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 the Village Council during the year.

E. Cash and Investments

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

Investments of the cash management pool with an initial 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 2011, the Village invested in nonnegotiable certificates of deposits which are reported 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 2011 was \$5,224 which includes \$4,102 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. 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 statement.

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Long-Term Obligations

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

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for streets, parks, and law enforcement. 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.

L. 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 of 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.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

M. 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

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

Note 4 – 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 Balances - 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 \$970 for the General Fund and \$153 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, 2011
(Continued)**

Note 5 – Deposits and Investments

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

Active monies are public monies 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 withdrawals 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 2 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. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$175 in undeposited cash on hand which is included as part of *“Equity in Pooled Cash and Cash Equivalents”*.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 5 – Deposits and Investments (Continued)

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 6 – 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 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2011 for real and public utility property taxes represents collections of the 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2011 taxes.

2011 real property taxes are levied after October 1, 2011 on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien on December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$8.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

Real Property	\$24,463,530
Public Utility Property	931,490
Tangible Personal Property	29,400
Total Assessed Value	<u>\$25,424,420</u>

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 7 – Property Taxes (Continued)

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 8 –Risk Management

A. Property and Liability Insurance

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 2011, the Village contracted with HCC Public Risk, an U.S. Specialty Insurance Company, for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
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
Auto	1,000,000	1,000
Umbrella	3,000,000	10,000

B. Worker's Compensation

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The system administers and pays all claims.

Note 9 – Defined Benefit Pension Plans

A. 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, 2011
(Continued)**

Note 9 – Defined Benefit Pension Plans (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 state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 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 2011 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. The portion of employer contribution allocated to health care for members in the Combined Plan was 6.05 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$22,776, \$19,999, \$18,876, respectively. The full amount has been contributed for 2011, 2010, and 2009.

B. 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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code requires Plan members to contribute 10 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 for the years ended December 31, 2011, 2010, and 2009 were \$15,227, \$15,769, and \$15,587, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 10 - Post employment Benefits

A. 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 portion of employer contribution allocated to health care for members in the Combined Plan was 6.05 percent.

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, 2011, 2010, and 2009 were \$9,111, \$11,353, and \$13,566, respectively. The full amount has been contributed for 2011, 2010, and 2009.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 10 - Post employment Benefits (Continued)

The Health Care Preservation Plan (HCCP) 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.

B. 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 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.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010, and 2009, were \$8,062, \$8,348, and \$8,252 respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 11 - Debt

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Governmental Activities						
Mortgage Revenue Bonds 1976 Issue (Original Amount \$901,000)	5.00%	\$271,000		\$40,000	\$231,000	\$42,000
1997 OWDA Loan (Original Amount \$1,732,992)	4.12%	913,200		106,238	806,962	110,661
2008 OWDA Loan (Original Amount \$853,699)	4.21%	853,699		70,271	783,428	73,261
Total Long-Term Obligations		\$2,037,899		\$216,509	\$1,821,390	\$225,922

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. 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, 2011 was \$66,001.

The 1997 Ohio Water Development Authority (OWDA) loan relates to a sewer facilities improvement project. The loan will be repaid in semiannual installments of \$71,390, including interest, 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 2008 Ohio Water Development Authority (OWDA) loan relates to construction of the new water treatment plant. The loan will be repaid in semiannual installments of \$52,740, including interest, over 10 years. The loan will be paid through the collection of a user charge for consumer water/sewer services at the new Turnpike plazas.

The debt related to governmental activities is repaid from the Other Debt Service Fund, which is funded by local income tax collections.

The following is a summary of the Village's future annual debt service requirements:

Year	Mortgage Revenue Bonds		1997 OWDA Loan		2008 OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$42,000	\$11,550	\$110,661	\$32,119	\$73,261	\$32,219
2013	44,000	9,450	115,267	27,512	76,377	29,103
2014	46,000	7,250	120,065	22,715	79,627	25,853
2015	48,000	4,950	125,062	17,717	83,014	22,466
2016	51,000	2,550	130,268	12,511	86,546	18,934
2017-2020			205,639	8,530	384,603	37,317
Totals	\$231,000	\$35,750	\$806,962	\$121,104	\$783,428	\$165,892

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 11 – Debt (Continued)

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 un-voted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2011, were an overall debt margin of \$2,669,564 and an un-voted debt margin of \$ 1,398,343.

Note 12-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 Balance	General	Street Construction, Maintenance, and Repair Fund	Other Debt Service Fund	Other Capital Projects Fund	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable for:						
Kissell Endowment					\$52,000	\$52,000
Restricted for:						
Road Improvements		\$156,990			78,046	235,036
Parks and Recreation					70,788	70,788
Police Operations					2,066	2,066
Permanent Improvements				\$189,427	29,926	219,353
Total Restricted		156,990		189,427	180,826	527,243
Committed for:						
Debt Service			\$278,626			278,626
Permanent Improvements				189,426		189,426
Total Committed			278,626	189,426		468,052
Assigned for:						
Unpaid Obligations (Encumbrances)	\$970					970
Unassigned	304,311					304,311
Total Fund Balance	<u>\$305,281</u>	<u>\$156,990</u>	<u>\$278,626</u>	<u>\$378,853</u>	<u>\$232,826</u>	<u>\$1,352,576</u>



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 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, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 23, 2012, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 23, 2012.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

July 23, 2012

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011

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

FINDING NUMBER 2011-001

Material Weakness - Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments:

1. Personal property tax loss reimbursements in the General Fund, \$21,880, and Parks and Recreation Fund, \$3,322, were recorded as Property and Other Local Taxes instead of Intergovernmental Revenue. These receipts were also recorded as General Receipts, Property Taxes – General on the government wide financial statements, Statement of Activities, instead of General Receipts, Grants and Entitlements not Restricted to Specific Programs.
2. Issue II on-behalf-of grant in the amount of \$27,360 for the South Defiance Street waterline replacement was reported in 2010. However, the Ohio Public Works Commission did not make the payment to the vendor until 2011. In addition, an Issue I on-behalf-of grant in the amount of \$111,900 for the Parkway project was reported in 2011. However, the Ohio Public Works Commission did not make the payment to the vendor until 2012. As a result, intergovernmental revenue and capital outlay in the Other Capital Projects Fund were overstated by \$84,540. In addition, Capital Outlay Cash Disbursements and Capital Outlay – Program Cash Receipts, Capital Grants and Contributions were overstated by \$84,540 on the government wide financial statements, Statement of Activities.
3. Due to mapping errors, general receipts and program receipts in the amount of \$229,796 were improperly classified on the Statement of Activities.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the audit committee, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Uniform Accounting Network's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Officials' Response:

Management does not disagree with this finding and acknowledges corrective procedures have been implemented regarding the audit adjustments.

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VILLAGE OF WEST UNITY
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material Weakness – Financial Reporting – Certain errors required audit adjustments	No	Not corrected. Reissued as Finding 2011-001 in this report.

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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
AUGUST 09, 2012