



Dave Yost • Auditor of State



VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of West Unity, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of West Unity, Williams County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 25, 2016

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$120,094	\$42,433				\$162,527
Municipal Income Tax	278,404		\$322,946	\$233,858		835,208
Intergovernmental	49,775	88,705				138,480
Special Assessments	126					126
Charges for Services	36,394	760				37,154
Fines, Licenses and Permits	23,570	185				23,755
Earnings on Investments	2,278	205			\$151	2,634
Miscellaneous	5,627	4,532				10,159
<i>Total Cash Receipts</i>	<u>516,268</u>	<u>136,820</u>	<u>322,946</u>	<u>233,858</u>	<u>151</u>	<u>1,210,043</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	340,155	720				340,875
Public Health Services		104				104
Leisure Time Activities		10,609				10,609
Community Environment	2,322				200	2,522
Basic Utility Services	13,530	3,317				16,847
Transportation		87,373				87,373
General Government	150,504	36,300				186,804
Capital Outlay	13,286	4,026		107,124		124,436
Debt Service:						
Principal Retirement			162,003			162,003
Interest and Fiscal Charges			17,717			17,717
<i>Total Cash Disbursements</i>	<u>519,797</u>	<u>142,449</u>	<u>179,720</u>	<u>107,124</u>	<u>200</u>	<u>949,290</u>
<i>Excess of Cash Receipts Over (Under) Disbursements</i>	<u>(3,529)</u>	<u>(5,629)</u>	<u>143,226</u>	<u>126,734</u>	<u>(49)</u>	<u>260,753</u>
<b>Other Financing Receipts</b>						
Sale of Capital Assets	1,001					1,001
<i>Net Change in Fund Cash Balances</i>	<u>(2,528)</u>	<u>(5,629)</u>	<u>143,226</u>	<u>126,734</u>	<u>(49)</u>	<u>261,754</u>
<i>Fund Cash Balances, January 1</i>	<u>299,760</u>	<u>286,694</u>	<u>531,114</u>	<u>370,304</u>	<u>52,142</u>	<u>1,540,014</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable					52,000	52,000
Restricted		281,065		83,735		364,800
Committed			674,340	413,303	93	1,087,736
Assigned	100,209					100,209
Unassigned	197,023					197,023
<i>Fund Cash Balances, December 31</i>	<u>\$297,232</u>	<u>\$281,065</u>	<u>\$674,340</u>	<u>\$497,038</u>	<u>\$52,093</u>	<u>\$1,801,768</u>

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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$673,687
Miscellaneous	8,200
<i>Total Operating Cash Receipts</i>	<i>681,887</i>
<b>Operating Cash Disbursements</b>	
Personal Services	141,370
Employee Fringe Benefits	60,232
Contractual Services	100,526
Supplies and Materials	96,579
Other - Capital Outlay	12,386
<i>Total Operating Cash Disbursements</i>	<i>411,093</i>
<i>Operating Income</i>	<i>270,794</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	138
Miscellaneous Receipts	2,225
Principal Retirement	(145,073)
Interest and Other Fiscal Charges	(27,416)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(170,126)</i>
<i>Net Change in Fund Cash Balances</i>	<i>100,668</i>
<i>Fund Cash Balances, January 1</i>	<i>542,528</i>
<i>Fund Cash Balances, December 31</i>	<i>\$643,196</i>

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



**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$116,415	\$39,986				\$156,401
Municipal Income Tax	270,776		\$314,101	\$227,453		812,330
Intergovernmental	47,003	104,725				151,728
Special Assessments	210					210
Charges for Services	32,643	840				33,483
Fines, Licenses and Permits	28,726	675				29,401
Earnings on Investments	1,865	237			\$171	2,273
Miscellaneous	13,068	1,440				14,508
<i>Total Cash Receipts</i>	<u>510,706</u>	<u>147,903</u>	<u>314,101</u>	<u>227,453</u>	<u>171</u>	<u>1,200,334</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	292,094					292,094
Public Health Services		344				344
Leisure Time Activities		13,240				13,240
Community Environment	3,800				401	4,201
Basic Utility Services	16,307	4,380				20,687
Transportation		103,088				103,088
General Government	168,720	54,932				223,652
Capital Outlay	5,893	4,114		138,438		148,445
Debt Service:						
Principal Retirement			166,064			166,064
Interest and Fiscal Charges			29,965			29,965
<i>Total Cash Disbursements</i>	<u>486,814</u>	<u>180,098</u>	<u>196,029</u>	<u>138,438</u>	<u>401</u>	<u>1,001,780</u>
<i>Net Change in Fund Cash Balances</i>	23,892	(32,195)	118,072	89,015	(230)	198,554
<i>Fund Cash Balances, January 1</i>	<u>275,868</u>	<u>318,889</u>	<u>413,042</u>	<u>281,289</u>	<u>52,372</u>	<u>1,341,460</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable					52,000	52,000
Restricted		286,694		96,202		382,896
Committed			531,114	274,102	142	805,358
Assigned	74,821					74,821
Unassigned	224,939					224,939
<i>Fund Cash Balances, December 31</i>	<u>\$299,760</u>	<u>\$286,694</u>	<u>\$531,114</u>	<u>\$370,304</u>	<u>\$52,142</u>	<u>\$1,540,014</u>

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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$589,098
Miscellaneous	8,550
	597,648
<b>Operating Cash Disbursements</b>	
Personal Services	125,439
Employee Fringe Benefits	55,183
Contractual Services	98,130
Supplies and Materials	82,910
Other	11,655
	373,317
<i>Total Operating Cash Disbursements</i>	<i>373,317</i>
<i>Operating Income</i>	<i>224,331</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	188
Principal Retirement	(81,303)
Interest and Other Fiscal Charges	(24,177)
	(105,292)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(105,292)</i>
<i>Net Change in Fund Cash Balances</i>	<i>119,039</i>
<i>Fund Cash Balances, January 1</i>	<i>423,489</i>
<i>Fund Cash Balances, December 31</i>	<i>\$542,528</i>

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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Unity, Williams County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services including street maintenance, water and sewer utilities, park operations, and police services. The Village contracts with Brady Township to receive fire protection services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Park and Recreation Fund – This fund receives tax levy money for maintaining and repairing park grounds and facilities.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Other Debt Service Fund – This fund is used to retire mortgage revenue bonds and loan proceeds received from the Ohio Water Development Authority.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

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

**5. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Kissell Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's community (Kissell) building.

**6. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**E. Budgetary Process**

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

VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use except the Village records identify the purchase of certificates of deposit by individual funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2015	2014
Demand deposits	\$2,025,318	\$1,608,940
Certificates of deposit	352,000	406,000
Other time deposits (savings accounts)	67,471	67,427
Total deposits	2,444,789	2,082,367
Cash on hand	175	175
Total deposits and cash	\$2,444,964	\$2,082,542

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$496,685	\$517,269	\$20,584
Special Revenue	124,845	136,820	11,975
Debt Service	312,000	322,946	10,946
Capital Projects	227,000	233,858	6,858
Enterprise	585,876	684,250	98,374
Permanent	150	151	1
Total	\$1,746,556	\$1,895,294	\$148,738

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,006	\$521,892	\$54,114
Special Revenue	174,726	142,863	31,863
Debt Service	249,279	179,720	69,559
Capital Projects	176,863	107,124	69,739
Enterprise	627,246	584,677	42,569
Permanent	200	200	
Total	\$1,804,320	\$1,536,476	\$267,844

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$456,895	\$510,706	\$53,811
Special Revenue	136,185	147,903	11,718
Debt Service	280,000	314,101	34,101
Capital Projects	200,000	227,453	27,453
Enterprise	472,500	597,836	125,336
Permanent	169	171	2
Total	\$1,545,749	\$1,798,170	\$252,421

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$534,482	\$491,897	\$42,585
Special Revenue	181,495	180,428	1,067
Debt Service	196,029	196,029	
Capital Projects	165,000	140,301	24,699
Enterprise	517,199	480,442	36,757
Permanent	400	401	(1)
Total	\$1,594,605	\$1,489,498	\$105,107

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent 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.

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.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Sewer Plant Loan	\$335,907	4.12%
Ohio Water Development Authority Water Plant Loan	428,326	4.21%
Total	\$764,233	

The Ohio Water Development Authority (OWDA) Sewer Plant loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,010,000 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$71,390, including interest, over 20 years. The scheduled payment amount below assumes that \$1,932,477 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA Water Plant loan relates to construction of the new water treatment plant. The loan will be repaid in semiannual installment 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.



**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT - continued**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loans
2016	<u>\$124,129</u>
2017	248,259
2018	248,259
2019	105,480
2020	<u>105,480</u>
Total	<u><u>\$831,607</u></u>

In addition to the debt described above, the Village has defeased certain debt issues from prior years. During 1976, the Village issued mortgage revenue bonds in an aggregate amount of \$901,000 to make improvements to their sanitary sewer system. These bonds were paid off during 2014.

**7. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). All other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75 percent until July 1, 2014; 11.5 percent until July 1, 2015 then 12.25 percent of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. For 2015 and 2014, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance from HHC Public Risk, an U.S. Specialty Insurance Company, for the following risks:

- Comprehensive property and general liability;
- Public officials liability;
- Law enforcement liability;
- Inland Marine;
- Crime;
- Vehicles; and
- Errors and omissions.

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# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type, of the Village of West Unity, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 25, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July, 25, 2016

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

During the audit period, the Village had a contract with the local school district to provide a member of its police service to serve as the District's resource officer. Payments of \$32,643 and \$36,394 in 2014 and 2015, respectively, were posted as miscellaneous revenue rather than as charges for services.

There were also other insignificant misclassifications ranging in amounts from \$870 to \$7,904 which were identified, but not adjusted.

A final review of the financial statements may have detected these errors.

Adjustments were recorded in the accompanying financial statements to correct material errors.

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 Village Council, to identify and correct errors and omissions.

**FINDING NUMBER 2015-002**

**Material Weakness - Fund Balance Classification**

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The Village has both restricted and committed monies within its capital projects fund. Its policy is to use restricted monies first when expenditures are incurred for purposes which are restricted then unrestricted (such as committed monies). In 2014 and 2015, expenditures for restricted purposes were less than restricted sources available, but committed sources of \$46,650 and \$46,859 were used.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed such as encumbrance within the general fund. When appropriation measures are adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses or appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned.

A portion of the general fund should be been designated as assigned for a budgetary resource and assigned for encumbrances in the total amount of \$74,821 at December 31, 2014.

A final review of the financial statements may have detected these errors.

Adjustments were recorded to the financial statements to classify the use of committed monies for restricted purposes and a portion of the fund balance as assigned.

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	OWDA Agreement for Wastewater Project §.3(a) due to rates charged being insufficient to provide for debt obligations.	Yes	

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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 9, 2016