

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**



Mary Taylor, CPA

Auditor of State

Village Council
Village of West Union
P. O. Box 395
West Union, Ohio 45693

We have reviewed the *Independent Auditors' Report* of the Village of West Union, Adams County, prepared by Bastin & Company, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2009

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**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of Village Council
Village of West Union
33 Logans Lane
West Union, Ohio 45693

We have audited the accompanying financial statements of the Village of West Union, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or their changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
May 12, 2009

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 122,826	\$ 102,291	\$ -	\$ 225,117
Municipal Income Tax	542,215	-	-	542,215
Intergovernmental Revenues	56,831	115,966	-	172,797
Charges for Services	15,424	19,434	-	34,858
Fines, Licenses and Permits	85,956	4,945	-	90,901
Earnings on Investments	6,339	-	-	6,339
Miscellaneous	130	169,368	49	169,547
Total Cash Receipts	829,721	412,004	49	1,241,774
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	313,405	128,043	-	441,448
Public Health Services	4,389	8,896	-	13,285
Transportation	-	171,479	-	171,479
Community Environment	349	-	-	349
General Government	263,811	2,568	4	266,383
Debt Service:				
Principal Payments	-	5,882	-	5,882
Interest and Fiscal Charges	-	157	-	157
Total Cash Disbursements	581,954	317,025	4	898,983
Receipts Over (Under) Disbursements	247,767	94,979	45 -	342,791
<i>Other Financing Receipts (Disbursements):</i>				
Transfers-In	-	1,118	-	1,118
Transfers-Out	(1,118)	-	-	(1,118)
Advances-In	3,200	-	-	3,200
Advances Out	-	(3,200)	-	(3,200)
Total Other Financing Receipts (Disbursements)	2,082	(2,082)	-	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	249,849	92,897	45	342,791
Fund Cash Balances, January 1, 2008	165,430	135,997	2,915	304,342
Fund Cash Balances, December 31, 2008	<u>\$ 415,279</u>	<u>\$ 228,894</u>	<u>\$ 2,960</u>	<u>\$ 647,133</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types <u>Enterprise</u>	Fiduciary Fund Types <u>Agency</u>	Totals (Memorandum Only) <u>Only</u>
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 1,370,005	\$ -	\$ 1,370,005
Total Operating Cash Receipts	<u>1,370,005</u>	<u>-</u>	<u>1,370,005</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	206,860	-	206,860
Fringe Benefits	93,002	-	93,002
Contractual Services	102,035	-	102,035
Supplies and Materials	166,267	-	166,267
Purchased Water	<u>356,712</u>	<u>-</u>	<u>356,712</u>
Total Operating Cash Disbursements	<u>924,876</u>	<u>-</u>	<u>924,876</u>
Operating Income	<u>445,129</u>	<u>-</u>	<u>445,129</u>
<i>Non-Operating Cash Receipts:</i>			
Earnings on Investments	143	-	143
Other Non-Operating Cash Receipts:	<u>-</u>	<u>75,260</u>	<u>75,260</u>
Total Non-Operating Cash Receipts	<u>143</u>	<u>75,260</u>	<u>75,403</u>
<i>Non-Operating Cash Disbursements:</i>			
Principal Payments	207,759	-	207,759
Interest and Fiscal Charges	166,205	-	166,205
Other Non-Operating Cash Disbursements	<u>-</u>	<u>75,260</u>	<u>75,260</u>
Total Non-Operating Cash Disbursements	<u>373,964</u>	<u>75,260</u>	<u>449,224</u>
Excess of Receipts Over Disbursements Before Transfers and Advances	71,308	-	71,308
Transfers-In	394,772	-	394,772
Transfers-Out	<u>(394,772)</u>	<u>-</u>	<u>(394,772)</u>
Net Receipts Over (Under) Disbursements	71,308	-	71,308
Fund Cash Balances, January 1, 2008	<u>232,332</u>	<u>-</u>	<u>232,332</u>
Fund Cash Balances, December 31, 2008	<u>\$ 303,640</u>	<u>\$ -</u>	<u>\$ 303,640</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 118,839	\$ 95,644	\$ 10,537	\$ 225,020
Municipal Income Tax	319,688	-	-	319,688
Intergovernmental Revenues	67,264	123,642	844	191,750
Charges for Services	32,479	15,623	-	48,102
Fines, Licenses and Permits	80,944	5,100	-	86,044
Earnings on Investments	6,061	-	-	6,061
Miscellaneous	12,076	2,165	27	14,268
Total Cash Receipts	637,351	242,174	11,408	890,933
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	318,311	82,843	-	401,154
Public Health Services	9,468	10,756	-	20,224
Transportation	-	125,374	-	125,374
Community Environment	4,603	-	-	4,603
General Government	246,137	3,000	300	249,437
Capital Outlay	53,268	7,632	-	60,900
Debt Service:				
Principal Payments	-	-	41,000	41,000
Interest and Fiscal Charges	-	73	2,368	2,441
Total Cash Disbursements	631,787	229,678	43,668	905,133
Receipts Over (Under) Disbursements	5,564	12,496	(32,260)	(14,200)
<i>Other Financing Receipts (Disbursements):</i>				
Proceeds from Sale of Public Debt:				
Sale of Notes	-	5,882	-	5,882
Transfers-In	-	5,000	-	5,000
Transfers-Out	(5,000)	-	-	(5,000)
Advances-In	3,000	-	-	3,000
Advances Out	-	(3,000)	-	(3,000)
Total Other Financing Receipts (Disbursements)	(2,000)	7,882	-	5,882
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	3,564	20,378	(32,260)	(8,318)
Fund Cash Balances, January 1, 2007	161,866	115,619	35,175	312,660
Fund Cash Balances, December 31, 2007	<u>\$ 165,430</u>	<u>\$ 135,997</u>	<u>\$ 2,915</u>	<u>\$ 304,342</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Types</u> Enterprise	<u>Fiduciary Fund Types</u> Agency	<u>Totals (Memorandum Only)</u>
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 1,312,965	\$ -	\$ 1,312,965
Total Operating Cash Receipts	<u>1,312,965</u>	<u>-</u>	<u>1,312,965</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	199,110	-	199,110
Fringe Benefits	86,515	-	86,515
Contractual Services	76,883	-	76,883
Supplies and Materials	180,572	-	180,572
Purchased Water	367,399	-	367,399
Total Operating Cash Disbursements	<u>910,479</u>	<u>-</u>	<u>910,479</u>
Operating Income	<u>402,486</u>	<u>-</u>	<u>402,486</u>
<i>Non-Operating Cash Receipts:</i>			
Earnings on Investments	2,714	-	2,714
Sale of Notes	8,873	-	8,873
Other Non-Operating Cash Receipts:	-	85,672	85,672
Total Non-Operating Cash Receipts	<u>11,587</u>	<u>85,672</u>	<u>97,259</u>
<i>Non-Operating Cash Disbursements:</i>			
Principal Payments	174,620	-	174,620
Interest and Fiscal Charges	172,896	-	172,896
Capital Outlay	8,873	-	8,873
Other Non-Operating Cash Disbursements	-	85,672	85,672
Total Non-Operating Cash Disbursements	<u>356,389</u>	<u>85,672</u>	<u>442,061</u>
Excess of Receipts Over Disbursements Before Transfers and Advances	57,684	-	57,684
Transfers-In	356,924	-	356,924
Transfers-Out	<u>(356,924)</u>	<u>-</u>	<u>(356,924)</u>
Net Receipts Over (Under) Disbursements	57,684	-	57,684
Fund Cash Balances, January 1, 2007	<u>174,648</u>	<u>-</u>	<u>174,648</u>
Fund Cash Balances, December 31, 2007	<u>\$ 232,332</u>	<u>\$ -</u>	<u>\$ 232,332</u>

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

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Union, Adams County, Ohio (Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected, Mayor and six-member Council. The Village provides water and sewer utilities, police and fire protection, road maintenance and general government services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments, if owned by the Village, are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

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

Street Improvement Levy Fund - This fund receives property tax monies from a specific tax levy for constructing, maintaining and repairing Village streets.

Fire Levy Fund - This fund receives local taxes and revenues from contracts with other political subdivisions to provide fire protection services.

K-9 Unit Fund - This fund received a \$150,000 donation during 2008 for use in the Village's police department.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Fire Bond - This fund receives tax monies collected for the retirement of loans related to fire equipment.

4. Enterprise Funds

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

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayors Court Agency Fund - This fund is used to account for the collection and distribution of Mayor's Court fines, fees and bonds.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

E. Budgetary Process

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

1. Appropriations

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

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. 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.

G. 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.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2008	2007
Demand deposits	\$924,587	\$511,674
Certificates of Deposit	26,186	25,000
Total Deposits	\$950,773	\$536,674

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 648,200	\$ 832,921	\$ 184,721
Special Revenue	392,400	413,122	20,722
Debt Service	-	49	49
Enterprise	1,796,632	1,764,920	(31,712)
Total	\$ 2,837,232	\$ 3,011,012	\$ 173,780

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 680,800	\$ 583,072	\$ 97,728
Special Revenue	469,580	320,225	149,355
Debt Service	4	4	-
Enterprise	1,810,932	1,693,612	117,320
Total	\$ 2,961,316	\$ 2,596,913	\$ 364,403

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 649,350	\$ 640,351	\$ (8,999)
Special Revenue	240,850	253,056	12,206
Debt Service	11,500	11,408	(92)
Enterprise	1,654,700	1,681,476	26,776
Total	\$ 2,556,400	\$ 2,586,291	\$ 29,891

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 739,910	\$ 636,787	\$ 103,123
Special Revenue	281,880	232,678	49,202
Debt Service	44,623	43,668	955
Enterprise	1,720,402	1,623,792	96,610
Total	\$ 2,786,815	\$ 2,536,925	\$ 249,890

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL EARNINGS TAX

The Village levies an earnings 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. The tax rate for 2007 was .5 percent and the tax rate for 2008 was 1.0 percent.

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.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Sewer Bond Issue - 1995	\$ 1,013,700	4.50%
USDA Rural Development Sewer Bond Issue - 1995	263,500	4.50%
OWDA Manchester Water Line Loan 2133 - 1999	696,771	5.86%
OWDA East Side Sewer Line Loan 3365 - 2001	256,862	2.20%
5/3 rd Bank Water/Sewer Refinance Bonds - 2003	<u>1,085,000</u>	3.50% - 5.25%
Total	<u>\$ 3,315,833</u>	

The USDA Rural Development Sewer Bond Issues were issued in 1995 for \$1,200,000 and \$563,000 respectively. Proceeds were used to rehabilitate the Village's wastewater treatment plant and other system components. The two bond issues mature in varying amounts from \$19,800 in 2009 to \$67,200 in 2034 and \$32,900 in 2009 to \$42,800 in 2015, respectively.

The Village obtained loans from the Ohio Water Development Authority for \$940,000 and \$399,677, respectively for certain water and sewer line construction projects. Upon completion of the projects, actual loan balances were adjusted to final costs and payments made through the date the loans were finalized were considered in establishing final payment amortization amounts. Payments of principal and interest are payable semi-annually through 2021 and 2023 respectively.

During 2003, the Village issued a \$1,500,000 refunding issue to consolidate several previously issued bonds related to the water and sewer systems. The water system is responsible for 33 percent of the refunding bonds while the sewer system is responsible for 67 percent. The bonds mature in varying amounts from \$90,000 in 2009 to \$130,000 in 2018.

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

Year Ending December 31,	5/3 rd Refinance Bonds	OWDA Loan #3365	OWDA Loan #2133	Sewer Bonds #92-13	Sewer Bonds #92-07	Totals
2009	\$143,788	\$24,472	\$72,664	\$44,758	\$65,417	\$351,099
2010	144,513	24,472	72,664	44,677	65,625	351,951
2011	140,000	24,472	72,664	44,734	65,585	347,455
2012	140,488	24,472	72,664	44,718	65,804	348,146
2013	140,738	24,472	72,664	44,731	65,869	348,474
2014-2018	694,811	122,360	363,320	89,391	331,338	1,601,220
2019-2023	-	48,940	326,988	-	335,272	711,200
2024-2028	-	-	-	-	340,084	340,084
2029-2033	-	-	-	-	346,338	346,338
2034-2036	-	-	-	-	70,224	70,224
Total	<u>\$1,404,338</u>	<u>\$293,660</u>	<u>\$1,053,628</u>	<u>\$313,009</u>	<u>\$1,751,556</u>	<u>\$4,816,191</u>

The Village obtained a loan from 5/3rd for \$229,000 during 2003. Proceeds from the loan were used towards the purchase of a fire ladder truck. The balance of the loan as of December 31, 2006 of \$41,000 was retired during 2007. In addition, during 2007, the Village obtained a one year note with interest at 5.95 percent from The National Bank of Adams County in the amount of \$14,755 to purchase a pickup truck. The note was retired during 2008.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2008 and 2007, OPERS' members contributed 10 and 9.5 percent, respectively, of their gross wages. The Village contributed an amount equal to 14.00 and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (latest information available):

	2007	2006
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	\$20,219,246	\$19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$52,000. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2007	\$25,870
2008	25,201

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. CONTINGENCIES

The Village is party to legal proceedings. The Village is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Village.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

10. RELATED ORGANIZATIONS

The Village's volunteer fire department established the West Union Firemen's Building Association, a non-profit organization, for the purpose of owning a building to house the fire fighting equipment owed by the Village. The President of the Association is also an employee of the Village. The Village pays the Association a monthly fee for this equipment storage.

11. SUBSEQUENT EVENTS

By an agreement dated April 28, 2009, the Adams County Commissioners and the Village of West Union agreed that, effective May 1, 2009, in exchange for the County providing monthly funding of \$4,651.71 of EMS Levy funds beginning May 1, 2009 for at least until November 2011, the Village is to provide EMS services covering the Villages of West Union and Liberty, Tiffin, Brush Creek and Jefferson Townships in Adams County, Ohio. The Village further agreed to be wholly responsible to continue to provide such services in the event that the current EMS Levy or renewal levies cease. The County provided to the Village titles to EMS vehicles for such services.

The Village currently has one EMS employee and utilizes an outside service entity to provide EMS services. Issues concerning equipment ownership and the contracting for outside services are currently being reviewed by the Village's management and legal council.

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of Village Council
Village of West Union
33 Logans Lane
West Union, Ohio 45693

We have audited the financial statements of the Village of West Union, Adams County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 12, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings as 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, express no opinion on it.

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
May 12, 2009

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDING NUMBER 2008-01

During the course of our audit, we identified misstatements in the financial statements for the years under audit that were not initially identified by the Village's internal control. Audit adjustments were necessary to correct errors in the Village's financial statements. A description of the adjustments follows:

Debt Proceeds – During 2007, an adjustment was necessary to record \$14,755 of proceeds from a loan and the related capital outlay expenditure for the purchase of a truck.

Debt Service Payments – During 2007 and 2008, adjustments were necessary to reclassify debt services principal and interest payments recorded as transportation expense or supplies and material expense totaling \$364 and \$15,541 respectfully.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Village's Response

The Village concurs with the finding and will attempt to ensure that all loan proceeds are properly recorded and debt service payments are properly classified in the future.

**VILLAGE OF WEST UNION
ADAMS COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2006-001	Expenditures exceeded appropriations. Noncompliance citation ORC section 5705.41(B)	Yes	Condition not applicable to current audit period.
2006-002	Clerk did not proper certify expenditures. Noncompliance citation ORC section 5705.41(D)	Yes	Condition not applicable to current audit period.
2006-003	Mayor's court failed to maintain a complete and accurate docket. Noncompliance citation ORC section 1905.21	Yes	Condition not applicable to current audit period.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST UNION

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 14, 2009**