



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

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# Mary Taylor, CPA

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## 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, 2008, 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, 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, 2008, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 31, 2010

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(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, 2008, within the limitations of the Village's cash basis of 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 2008 are as follows:

- Net assets of governmental activities increased \$926,516, or 81 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents was the General Fund and Turnpike Construction Fund which realized the largest increases in 2008 due to a transfer of funds remaining from a closed out fund and an agreement to provide water/sewer services to the future turnpike plazas, respectively. In addition, the Village obtained an Ohio Water Development Authority (OWDA) loan for \$800,000 toward a new water plant in order to provide soft water to the plazas.
- The Village's general receipts are primarily income taxes, property taxes, proceeds from an OWDA loan, and Turnpike Commission reimbursements. These receipts represent 24%, 5%, 12%, and 44%, respectively, of the total cash received for governmental activities during the year.
- On December 27, 2007, the Village entered into an agreement with the Ohio Turnpike Commission to extend water and sewer lines and provide related service to the future Turnpike plaza locations. The Commission agreed to pay the Village (\$1,587,575) to defray the costs incurred by the Village in constructing the infrastructure required to provide water and wastewater service to said property. The Commission paid 25% upon execution of the agreement and 50% at start of construction which resulted in 2008 receipts of \$1,190,681 in the Turnpike Construction Fund. In 2008, the Village started construction on a new water treatment plant to meet the soft water requirement to the turnpike plazas. The project cost is \$1,535,075. The Village also started construction on the extension of water and sewer lines to the future Turnpike plaza locations. The project cost is \$781,195. Both projects are being funded by the Turnpike Commission funds, OWDA loan proceeds, water operating monies, and capital project money, if needed, until final payment of contracts are made. Both projects are expected to be completed in 2009.
- The business-type activities net assets decreased \$54,126 or 12 percent from the prior year. The decrease can be attributed to the expenditures in Water Operating Fund associated with the new water plant and debt service payments on the Water System Revenue Bonds. The Village is currently using part of the monthly water (\$12) and sewer (\$3) base fee per user to make the semi-annual payments on the Water System Revenue Bonds. Once these bonds are paid off in 2010, the Village's water and sewer operating will be more substantial.

**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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

**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.

**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 a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, street maintenance, park operations, and police 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 2008, 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 OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

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.

**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, Other Debt Service Fund, Turnpike Construction Fund, and the 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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Cash and Cash Equivalents	\$1,813,099	\$1,138,583	\$333,001	\$441,127	\$2,146,100	\$1,579,710
Investments	252,000		54,000		306,000	
Total Assets	\$2,065,099	\$1,138,583	\$387,001	\$441,127	\$2,452,100	\$1,579,710
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$1,059,323	\$322,486			\$1,059,323	\$322,486
Debt Service	331,055	274,064			331,055	274,064
Permanent Fund	58,767	60,529			58,767	60,529
Other Purposes	251,392	241,431			251,392	241,431
Unrestricted	364,562	240,073	\$387,001	\$441,127	751,563	681,200
Total Net Assets	\$2,065,099	\$1,138,583	\$387,001	\$441,127	\$2,452,100	\$1,579,710

As mentioned previously, net assets of governmental activities increased \$926,516 or 81 percent during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- The Village received \$1,190,681 from the Ohio Turnpike Commission as part of an agreement to extend water and sewer lines and provide related service to the future Turnpike plaza locations. Only \$394,814 of these monies had been expended as of yearend.
- The Electric Study Fund was deemed no longer needed, closed out, and the remaining funds (\$52,957) were transferred to the General Fund
- The Village received donations from the Bryan Area Foundation for Friendship Park (\$13,345) and Memorial Park (\$1,615). In addition, the Ohio State Eagles Charity Fund donated \$3,000 to the police department for purchase of police equipment such as police vests and radios.

The business-type activities show a decrease of \$54,126 in net assets from the prior year. This is a result of an increase in operating expenditures associated with the new water treatment plant.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities, business-type activities, and total primary government.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Receipts:						
Charges for Services and Sales	\$27,203	\$11,847	\$392,366	\$401,291	\$419,569	\$413,138
Operating Grants and Contributions	116,673	77,605			116,673	77,605
Capital Grants and Contributions		357,100	694		694	357,100
<b>Total Program Receipts</b>	<b>143,876</b>	<b>446,552</b>	<b>393,060</b>	<b>401,291</b>	<b>536,936</b>	<b>847,843</b>
General Receipts:						
Property Taxes	142,895	179,564			142,895	179,564
Income Taxes	656,301	618,779			656,301	618,779
Other Taxes	21,625	29,913			21,625	29,913
Grants and Entitlements Not Restricted to Specific Programs	144,711	104,717			144,711	104,717
Cable Franchise fees	8,074				8,074	
Earnings on Investments	47,233	71,349	2,733	2,360	49,966	73,709
Loan Proceeds	338,293	290,000			338,293	290,000
Turnpike Commission Reimbursement	1,190,681				1,190,681	
Miscellaneous	27,578	6,828	10,900		38,478	6,828
<b>Total General Receipts</b>	<b>2,577,391</b>	<b>1,301,150</b>	<b>13,633</b>	<b>2,360</b>	<b>2,591,024</b>	<b>1,303,510</b>
<b>Total Receipts</b>	<b>2,721,267</b>	<b>1,747,702</b>	<b>406,693</b>	<b>403,651</b>	<b>3,127,960</b>	<b>2,151,353</b>
Disbursements:						
Security of Persons and Property:	224,750	231,076			224,750	231,076
Public Health Services	9,973	9,500			9,973	9,500
Leisure Time Activities	51,178	13,200			51,178	13,200
Community Environment	2,615	2,645			2,615	2,645
Basic Utility Systems	17,543	16,692			17,543	16,692
Transportation	118,595	59,838			118,595	59,838
General Government	222,283	227,041			222,283	227,041
Capital Outlay	1,003,992	745,287			1,003,992	745,287
Debt Service:						
Principal Retirement	129,004	223,248			129,004	223,248
Interest and Fiscal Charges	67,775	73,297			67,775	73,297
Water Operating			226,496	194,279	226,496	194,279
Sewer Operating			168,401	151,194	168,401	151,194
Kissell Building Rental			9,303	10,561	9,303	10,561
Water Deposits			3,662	3,890	3,662	3,890
<b>Total Disbursements</b>	<b>1,847,708</b>	<b>1,601,824</b>	<b>407,862</b>	<b>359,924</b>	<b>2,255,570</b>	<b>1,961,748</b>
Excess (Deficiency) Before Transfers	873,559	145,878	(1,169)	43,727	872,390	189,605
Transfers In/(Out)	52,957		(52,957)			
Increase (Decrease) in Net Assets	926,516	145,878	(54,126)	43,727	872,390	189,605
Net Assets, January 1,	1,138,583	992,705	441,127	397,400	1,579,710	1,390,105
<b>Net Assets, December 31,</b>	<b>\$2,065,099</b>	<b>\$1,138,583</b>	<b>\$387,001</b>	<b>\$441,127</b>	<b>\$2,452,100</b>	<b>\$1,579,710</b>

Program receipts represent only 17 percent of total receipts and are primarily comprised of water and sewer charges for services and operating grants and contributions (i.e. motor vehicle license and gas tax money).

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

General receipts represent 83 percent of the Village's total receipts, and of this amount, 32 percent are local taxes. Turnpike Commission reimbursements and OWDA loan proceeds make up 46 percent and 13 percent, respectively, of the Village's total general receipts. State and federal grants, entitlements, and investment earnings make up 8 percent of the Village's total general receipts. Other receipts 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, the fiscal officer, 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 costs 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 capital outlay, security of persons and property, general government, and debt service which account for 54, 12, 12, and 11 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 6 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. See changes in the table

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

(Table 3)

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Security of Persons and Property	\$224,750	\$224,750	\$231,076	\$231,076
Public Health Services	9,973	9,973	9,500	9,500
Leisure Time Activities	51,178	43,161	13,200	12,360
Community Environment	2,615	2,325	2,645	2,165
Basic Utility Services	17,543	17,543	16,692	16,692
Transportation	118,595	(8,096)	59,838	(17,767)
General Government	222,283	213,405	227,041	216,514
Capital Outlay	1,003,992	1,003,992	745,287	388,187
Principal Retirement	129,004	129,004	223,248	223,248
Interest and Fiscal Charges	67,775	67,775	73,297	73,297
<b>Total Expenses</b>	<b>\$1,847,708</b>	<b>\$1,703,832</b>	<b>\$1,601,824</b>	<b>\$1,155,272</b>

The dependence upon property and income tax receipts is apparent as over 92 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 financing sources of \$2,774,224 and disbursements of \$1,847,708. The greatest change within governmental funds occurred within the General Fund, and the Turnpike Construction Fund. The fund balance of the General Fund and Turnpike Construction Fund increased \$124,489 and \$795,867, respectively. The increase in the General Fund was due to the transfer of the Electric Study Fund money and the spread between revenues and expenditures. The increase in the Turnpike Construction Fund was due to the agreement with the Ohio Turnpike Commission to extend water and sewer lines and provide related service to the future Turnpike plaza locations.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

**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.

There was no difference between original and final budgeted receipts. Final budgeted receipts were below actual receipts due to an increase in intergovernmental revenues. The difference between final budgeted receipts and actual receipts was \$19,092.

Final budgeted disbursements exceeded original budgeted disbursements by \$5,000. Final disbursements were budgeted at \$515,858 while actual disbursements were \$485,121. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. Although actual receipts exceeded expectations, actual disbursements were reduced.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2008, the Village's outstanding debt totaled \$1,916,265, which included \$1,113,110 in an OWDA loan for a sewer facilities improvement project; \$345,000 in Mortgage Revenue Bonds for a sanitary sewer system improvement, \$119,862 in Water System Revenue Bonds for a new water tower, and \$338,293 in an OWDA loan for new water treatment plant. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**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 reduced some of the expenses in the General Fund and have saved capital projects and debt service monies to plan ahead for the Turnpike water/sewer lines, new water plant, and sidewalk for the new school. The Village has worked hard with the school district, Turnpike Commission, and other local business, such as Dollar General, to create growth for the future.

**Contacting the Village'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, 2008*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,813,099	\$333,001	\$2,146,100
Investments	252,000	54,000	306,000
<i>Total Assets</i>	<b>\$2,065,099</b>	<b>\$387,001</b>	<b>\$2,452,100</b>
 <b>Net Assets</b>			
Restricted for:			
Capital Projects	\$1,059,323		\$1,059,323
Debt Service	331,055		331,055
Permanent Fund	58,767		58,767
Other Purposes	251,392		251,392
Unrestricted	364,562	\$387,001	751,563
<i>Total Net Assets</i>	<b>\$2,065,099</b>	<b>\$387,001</b>	<b>\$2,452,100</b>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2008*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$224,750				(\$224,750)		(\$224,750)
Public Health Services	9,973				(9,973)		(9,973)
Leisure Time Activities	51,178	\$800	\$7,217		(43,161)		(43,161)
Community Environment	2,615	290			(2,325)		(2,325)
Basic Utility Services	17,543				(17,543)		(17,543)
Transportation	118,595	17,235	109,456		8,096		8,096
General Government	222,283	8,878			(213,405)		(213,405)
Capital Outlay	1,003,992				(1,003,992)		(1,003,992)
Debt Service:							
Principal	129,004				(129,004)		(129,004)
Interest	67,775				(67,775)		(67,775)
<b>Total Governmental Activities</b>	<b>1,847,708</b>	<b>27,203</b>	<b>116,673</b>		<b>(1,703,832)</b>		<b>(1,703,832)</b>
<b>Business Type Activities</b>							
Water Operating	226,496	212,992				(\$13,504)	(13,504)
Sewer Operating	168,401	174,410				6,009	6,009
Kissell Rental	9,303					(9,303)	(9,303)
Electric Study				\$694		694	694
Water Deposit	3,662	4,964				1,302	1,302
<b>Total Business Type Activities</b>	<b>407,862</b>	<b>392,366</b>		<b>694</b>		<b>(14,802)</b>	<b>(14,802)</b>
<b>Total</b>	<b>\$2,255,570</b>	<b>\$419,569</b>	<b>\$116,673</b>	<b>\$694</b>	<b>(1,703,832)</b>	<b>(14,802)</b>	<b>(1,718,634)</b>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					121,182		121,182
Park Operations					21,713		21,713
Municipal Income Taxes					656,301		656,301
Other Taxes					21,625		21,625
Grants and Entitlements not Restricted to Specific Programs					144,711		144,711
Turnpike Commission Reimbursement					1,190,681		1,190,681
Loan Proceeds					338,293		338,293
Cable Franchise Fees					8,074		8,074
Interest					47,233	2,733	49,966
Miscellaneous					27,578	10,900	38,478
<b>Total General Receipts</b>					<b>2,577,391</b>	<b>13,633</b>	<b>2,591,024</b>
Transfers					52,957	(52,957)	
<b>Total General Receipts and Transfers</b>					<b>2,630,348</b>	<b>(39,324)</b>	<b>2,591,024</b>
Change in Net Assets					926,516	(54,126)	872,390
Net Assets Beginning of Year					1,138,583	441,127	1,579,710
<b>Net Assets End of Year</b>					<b>\$2,065,099</b>	<b>\$387,001</b>	<b>\$2,452,100</b>

See accompanying notes to the financial statements



**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008*

	General	Other Debt Service Fund	Turnpike Construction Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$364,562	\$231,055	\$795,867	\$155,754	\$265,861	\$1,813,099
Investments		100,000		100,000	52,000	252,000
<i>Total Assets</i>	<u>\$364,562</u>	<u>\$331,055</u>	<u>\$795,867</u>	<u>\$255,754</u>	<u>\$317,861</u>	<u>\$2,065,099</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$7,541		\$2,080		\$926	\$10,547
Reserved for Endowment Principal					52,000	52,000
Unreserved:						
Unreserved, undesignated reported in:						
Undesignated, Reported in:						
General Fund	357,021					357,021
Special Revenue Funds					250,602	250,602
Debt Service Fund		\$331,055				331,055
Capital Projects Funds			793,787	\$255,754	7,702	1,057,243
Permanent Fund					6,631	6,631
<i>Total Fund Balances</i>	<u>\$364,562</u>	<u>\$331,055</u>	<u>\$795,867</u>	<u>\$255,754</u>	<u>\$317,861</u>	<u>\$2,065,099</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, 2008*

	General	Other Debt Service Fund	Turnpike Construction Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$121,182				\$38,954	\$160,136
Municipal Income Taxes	218,767	\$253,770		\$183,764		656,301
Intergovernmental	144,711				138,293	283,004
Charges for Services					800	800
Fines, Licenses and Permits	17,037				205	17,242
Earnings on Investments	38,298				8,935	47,233
Turnpike Commission Reimbursement			\$1,190,681			1,190,681
Miscellaneous	9,117				18,460	27,577
<i>Total Receipts</i>	<u>549,112</u>	<u>253,770</u>	<u>1,190,681</u>	<u>183,764</u>	<u>205,647</u>	<u>2,382,974</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	221,750				3,000	224,750
Public Health Services	9,973					9,973
Leisure Time Activities					51,178	51,178
Community Environment	2,615					2,615
Basic Utility Services	17,543					17,543
Transportation					118,595	118,595
General Government	222,283					222,283
Capital Outlay	3,416		733,107	242,794	24,675	1,003,992
Debt Service:						
Principal Retirement		129,004				129,004
Interest and Fiscal Charges		67,775				67,775
<i>Total Disbursements</i>	<u>477,580</u>	<u>196,779</u>	<u>733,107</u>	<u>242,794</u>	<u>197,448</u>	<u>1,847,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,532</u>	<u>56,991</u>	<u>457,574</u>	<u>(59,030)</u>	<u>8,199</u>	<u>535,266</u>
<b>Other Financing Sources</b>						
Loan Proceeds			338,293			338,293
Transfers In	52,957					52,957
<i>Total Other Financing Sources</i>	<u>52,957</u>		<u>338,293</u>			<u>391,250</u>
<i>Net Change in Fund Balances</i>	124,489	56,991	795,867	(59,030)	8,199	926,516
Fund Balances Beginning of Year	240,073	274,064		314,784	309,662	1,138,583
<i>Fund Balances End of Year</i>	<u>\$364,562</u>	<u>\$331,055</u>	<u>\$795,867</u>	<u>\$255,754</u>	<u>\$317,861</u>	<u>\$2,065,099</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$161,000	\$161,000	\$121,182	(\$39,818)
Municipal Income Taxes	204,000	204,000	218,767	14,767
Intergovernmental	91,920	91,920	144,711	52,791
Fines, Licenses and Permits	17,600	17,600	17,037	(563)
Earnings on Investments	53,000	53,000	38,298	(14,702)
Miscellaneous	2,500	2,500	9,117	6,617
<i>Total Receipts</i>	530,020	530,020	549,112	19,092
<b>Disbursements</b>				
Current:				
Security of Persons and Property	243,659	243,659	226,562	17,097
Public Health Services	10,000	10,000	9,973	27
Community Environment	3,501	2,801	2,615	186
Basic Utility Services	18,400	17,600	17,543	57
General Government	227,798	234,298	225,012	9,286
Capital Outlay	7,500	7,500	3,416	4,084
<i>Total Disbursements</i>	510,858	515,858	485,121	30,737
<i>Excess of Receipts Over Disbursements</i>	19,162	14,162	63,991	49,829
<b>Other Financing Uses</b>				
Transfers In		52,957	52,957	
<i>Net Change in Fund Balance</i>	19,162	67,119	116,948	49,829
<i>Fund Balance Beginning of Year</i>	239,885	239,885	239,885	
Prior Year Encumbrances Appropriated	188	188	188	
<i>Fund Balance End of Year</i>	\$259,235	\$307,192	\$357,021	\$49,829

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

*Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2008*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$133,294	\$155,991	\$43,716	\$333,001
Investments			54,000	54,000
<i>Total Assets</i>	<u>\$133,294</u>	<u>\$155,991</u>	<u>\$97,716</u>	<u>\$387,001</u>
<b>Net Assets</b>				
Unrestricted	<u>\$133,294</u>	<u>\$155,991</u>	<u>\$97,716</u>	<u>\$387,001</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, 2008*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$212,992	\$174,410	\$4,964	\$392,366
Other Operating Receipts			10,900	10,900
<i>Total Operating Receipts</i>	<u>212,992</u>	<u>174,410</u>	<u>15,864</u>	<u>403,266</u>
<b>Operating Disbursements</b>				
Personal Services	49,836	54,948		104,784
Employee Fringe Benefits	18,603	31,123		49,726
Contractual Services	36,953	34,022	4,553	75,528
Materials and Supplies	66,955	29,145		96,100
Other	2,823	6,331	8,412	17,566
<i>Total Operating Disbursements</i>	<u>175,170</u>	<u>155,569</u>	<u>12,965</u>	<u>343,704</u>
<i>Operating Income</i>	37,822	18,841	2,899	59,562
<b>Non-Operating Receipts (Disbursements)</b>				
Earnings on Investments			3,427	3,427
Principal Payments	(44,110)	(11,028)		(55,138)
Interest and Fiscal Charges	(7,216)	(1,804)		(9,020)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(51,326)</u>	<u>(12,832)</u>	<u>3,427</u>	<u>(60,731)</u>
<i>Change in Net Assets before Interfund Transfer</i>	(13,504)	6,009	6,326	(1,169)
Transfers Out			(52,957)	(52,957)
<i>Change in Net Assets</i>	(13,504)	6,009	(46,631)	(54,126)
Net Assets Beginning of Year	146,798	149,982	144,347	441,127
<i>Net Assets End of Year</i>	<u>\$133,294</u>	<u>\$155,991</u>	<u>\$97,716</u>	<u>\$387,001</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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, maintenance of Village streets, park operations, and police services. The Village contracts with Brady Township to provide fire protection services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

**C. Public Entity Risk Pools**

The Village participates in a public entity risk pool. The Village belongs to the Public Entities Pool of Ohio (PEP), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 450 Ohio governments.

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

**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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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.

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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund – This fund is used to account for all financial resources, except 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.

Other Debt Service Fund – This fund receives income tax monies for the retirement of mortgage revenue bonds and Ohio Water Development Authority loans.

Turnpike Construction Fund – This fund receives contributions from the Ohio Turnpike Commission and loan proceeds from the Ohio Water Development Authority for the construction of a new water treatment plant and the extension of water and sewer lines to service the future Turnpike service plazas.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted 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 accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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.



**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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.

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.

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 2008 was \$38,298 which includes \$33,256 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 statements.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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 health care benefits.

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 and parks. 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 Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and endowment principal.

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 – Compliance**

The Village did not certify all commitments required by Ohio law

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**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 Balance – Budget and Actual – Budgetary Basis presented for the General Fund is 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 a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$7,541 for the General Fund.

**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;

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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"*

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 into the General Fund, Other Debt Service Fund, and Other Capital Projects Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 1.5 percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return 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 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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. 2008 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$8.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$ 24,662,050
Public Utility Property	799,270
Tangible Personal Property	<u>3,648,040</u>
Total Assessed Values	<u>\$ 29,109,360</u>

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. Risk Pool Membership**

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, 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 \$20,000.

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.

<u>Contributions to PEP</u>	
2007	\$20,750
2008	\$20,540

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 contribution. Withdrawing members have no other future obligation to PEP. 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.

B. Workers' 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

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for 2008 was 14 percent of covered payroll. A portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund pension benefits. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$16,314, \$17,855, and \$19,534, respectively. The full amount has been contributed for 2008, 2007 and 2006.

**B. Ohio Police and Fire Pension Fund**

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 Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The Village's contributions to OP&F for pension obligations for the years ending December 31, 2008, 2007, and 2006 were \$15,028, \$14,522 and \$12,826; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**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.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to 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.

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 health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). 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. For 2008, the employer contribution allocated to the health care plan was seven percent of covered payroll. 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.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006, were \$16,314, \$13,647, and \$9,554, respectively. The full amount has been contributed for 2008, 2007, and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which 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 postemployment health care plan administered by OP&F. OP&F provides healthcare 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.



**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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 a 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 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 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 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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. 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, 2008, the employer contribution allocated to the health care plan was 6.75% 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 to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006, were \$7,956, \$7,688, and \$8,460, respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<b><u>Governmental Activities</u></b>						
Mortgage Revenue Bonds 1976 Issue (Original Amount \$901,000)	5.00%	\$380,000		\$35,000	\$345,000	\$36,000
1997 OWDA Loan (Original Amount \$1,732,992)	4.12%	1,207,114		94,004	1,113,110	97,917
Total Governmental Activities		<u>1,587,114</u>		<u>129,004</u>	<u>1,458,110</u>	<u>133,917</u>
<b><u>Business-type Activities</u></b>						
Water System Revenue Bonds 2007 Issue (Original Amount \$175,000)	5.50%	175,000		55,138	119,862	58,283
2008 OWDA Loan (Original Amount \$800,000)	4.21%		338,293		338,293	
Total Business-type Activities		<u>175,000</u>	<u>338,293</u>	<u>55,138</u>	<u>458,155</u>	<u>58,283</u>
Total Long-Term Obligations		<u>\$1,762,114</u>	<u>\$338,293</u>	<u>\$184,142</u>	<u>\$1,916,265</u>	<u>\$192,200</u>

The Mortgage Revenue Bonds relate to a sanitary system improvement project. The bonds were issued by the Village in 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 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, 2008 was \$61,744.

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

The Water System Revenue Bonds relate to the new water tower. The bonds were issued by the Village in 2007 for an aggregate amount of \$175,000. The bonds will be paid in annual installments according to the principal and interest amounts listed in the bond amortization schedule until 2010. The bonds are paid through the collection of a user charge for consumer water/sewer services.

The 2008 Ohio Water Development Authority (OWDA) loan relates to construction of a new water treatment plant. The Village has been approved for a maximum loan amount of \$800,000. The loan will be repaid in semiannual installments over 10 years. The loan is still in progress with an outstanding balance of \$338,293 at December 30, 2008 and a final amortization schedule is unavailable. 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  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

Year	Mortgage Revenue Bonds		1997 OWDA Loan		Water Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$36,000	\$17,250	\$97,917	\$44,862	\$58,283	\$5,875
2010	38,000	15,450	101,993	40,786	61,579	2,580
2011	40,000	13,550	106,238	36,541		
2012	42,000	11,550	110,661	32,119		
2013	44,000	9,450	115,267	27,512		
2014-2118	145,000	14,750	581,034	61,473		
Totals	<u>\$345,000</u>	<u>\$82,000</u>	<u>\$1,113,110</u>	<u>\$243,293</u>	<u>\$119,862</u>	<u>\$8,455</u>

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 unvoted 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, 2008, were an overall debt margin of \$3,056,483 and an unvoted debt margin of \$1,601,015.

**Note 12 – Interfund Transfer**

During 2008, the Village transferred \$52,957 from the Electric Study Fund to the General Fund.

On September 11, 2008, Council approved Resolution 2008-06 declaring that the purpose and necessity of the Electric Study Fund no longer existed and authorized the Fiscal Officer to close out the fund and transfer the remaining balance to the General Fund. The Electric Study Fund was originally funded by a .25 percent income tax allocation in 1998.

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# Mary Taylor, CPA

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, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 31, 2010, wherein, we noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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(B) and 115.56 mandate 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. However, as described below, we identified a certain deficiency in internal control over financial reporting, that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 31, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

March 31, 2010

VILLAGE OF WEST UNITY  
WILLIAMS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008

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

FINDING NUMBER 2008-001

Noncompliance Citation

**Ohio Revised Code § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Forty-eight percent of expenditures tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certificates should be used.

We also recommend the Village certify purchases to which R.C. § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language R.C. § 5705.41(D) when authorizing disbursements. The fiscal officer should sign such a certification at the time the Village incurs a commitment and only if the requirements of R.C. §5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Official's Response:**

Management will attempt to implement procedures to monitor the certification process.

**FINDING NUMBER 2008-002**

**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. The Village does not maintain an internal investment pool. Certificates of deposit with maturity dates greater than three months specific to the Other Debt Service Fund, \$100,000, and Other Capital Projects Fund, \$100,000, were recorded as Equity in Pooled Cash and Cash Equivalents instead of Investments.
2. The nonexpendable portion of the Kissell Trust Fund, \$52,000, was reported as Unreserved, Undesignated, Reported in Permanent Fund instead of Reserved for Endowment Principal.
3. Personal property tax loss reimbursements in the General Fund, \$32,248, and Parks and Recreation Fund, \$4,358, were recorded as Property and Other Local Taxes instead of Intergovernmental Revenue. Receipts were 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 and Program Cash Receipts, Operating Grants and Contributions, Leisure Time Activities, respectively.
4. Ohio Water Development Authority loan proceeds of \$338,293 were recorded as Intergovernmental Revenue in the Turnpike Construction Fund instead of Loan Proceeds. Proceeds were recorded as General Receipts, Miscellaneous Revenues on the government wide financial statements, Statement of Activities, instead of General Receipts, Loan Proceeds.
5. The Turnpike Commission reimbursed the Village \$1,190,681 for the construction of the new water treatment plant and extension of water and sewer lines to the site of a service center. These reimbursements were recorded as Intergovernmental Revenue in the Turnpike Construction Fund instead of Turnpike Commission Reimbursements.
6. Debt expenditures in the Water Fund, \$25,663, and Sewer Fund, \$6,416, were recorded as other financing uses instead of debt service.
7. Property tax allocation receipts of \$20,660 were 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, \$20,410, and Program Cash Receipts, Operating Grants and Contributions, Leisure Time Activities, \$250.
8. Parks and Recreation property tax receipts of \$21,713 were recorded as General Receipts, Property Taxes – General on the government wide financial statements, Statement of Activities, instead of General Receipts, Property Taxes – Parks.



Sound financial reporting is the responsibility of the fiscal officer and the governing board 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 all accounts are being properly posted to the financial statements.

**Official's Response:**

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

**VILLAGE OF WEST UNITY  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

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>
2007-001	ORC § 5705.36(A)(2) and §5705.41 (B)	Yes	
2007-002	Significant Deficiency – Financial Reporting	No	Reissued as Finding 2008-002 in this report.



**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 6, 2010**