



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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 Village of West Unity, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 9, 2001

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash Receipts:		
Local Taxes	\$135,467	\$15,960
Intergovernmental Receipts	133,468	98,759
Fines, Licenses, and Permits	10,166	64
Miscellaneous	48,174	1,822
	<u>327,275</u>	<u>116,605</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Security of Persons and Property	154,206	
Public Health Services	7,707	
Leisure Time Activities		23,629
Community Environment	1,007	
Basic Utility Services	7,626	
Transportation	16,015	84,037
General Government	89,083	
Debt Service		
Capital Outlay	12,869	20,500
	<u>288,513</u>	<u>128,166</u>
Total Cash Disbursements		
Total Cash Receipts Over/(Under) Cash Disbursements	<u>38,762</u>	<u>(11,561)</u>
Other Financing Receipts/(Disbursements):		
Other Uses		
Other Sources	160	
	<u>160</u>	
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	38,922	(11,561)
Fund Cash Balances, January 1	<u>117,193</u>	<u>51,968</u>
Fund Cash Balances, December 31	<u>\$156,115</u>	<u>\$40,407</u>
Reserves for Encumbrances, December 31	<u>\$8,068</u>	<u>\$3,140</u>

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

<u>Governmental Fund Types</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$217,949	\$117,357	\$486,733
		232,227
		10,230
		49,996
<u>217,949</u>	<u>117,357</u>	<u>779,186</u>
		154,206
		7,707
		23,629
		1,007
		7,626
		100,052
	72,207	161,290
189,121		189,121
		33,369
<u>189,121</u>	<u>72,207</u>	<u>678,007</u>
<u>28,828</u>	<u>45,150</u>	<u>101,179</u>
	(3,925)	(3,925)
		160
	<u>(3,925)</u>	<u>(3,765)</u>
28,828	41,225	97,414
121,189	17,962	308,312
<u>\$150,017</u>	<u>\$59,187</u>	<u>\$405,726</u>
		<u><u>\$11,208</u></u>

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$264,763		\$264,763
Miscellaneous	4,050	\$145	4,195
Total Operating Cash Receipts	<u>268,813</u>	<u>145</u>	<u>268,958</u>
Operating Cash Disbursements:			
Personal Services	129,869	2,921	132,790
Travel Transportation	141		141
Supplies and Materials	118,461		118,461
Capital Outlay	10,506		10,506
Total Operating Cash Disbursements	<u>258,977</u>	<u>2,921</u>	<u>261,898</u>
Operating Income/(Loss)	<u>9,836</u>	<u>(2,776)</u>	<u>7,060</u>
Non-Operating Cash Receipts:			
Local Taxes	1,139		1,139
Intergovernmental Receipts	200		200
Miscellaneous		2,471	2,471
Total Non-Operating Cash Receipts	<u>1,339</u>	<u>2,471</u>	<u>3,810</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>11,922</u>	<u>926</u>	<u>12,848</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(747)	(1,231)	(1,978)
Fund Cash Balances, January 1	<u>410,026</u>	<u>61,987</u>	<u>472,013</u>
Fund Cash Balances, December 31	<u>\$409,279</u>	<u>\$60,756</u>	<u>\$470,035</u>
Reserve for Encumbrances, December 31	<u>\$10,998</u>	<u>\$217</u>	<u>\$11,215</u>

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Local Taxes	\$127,309	\$30,515
Intergovernmental Receipts	106,753	132,412
Fines, Licenses, and Permits	9,087	196
Miscellaneous	38,519	1,585
	<u>281,668</u>	<u>164,708</u>
Cash Disbursements:		
Current:		
Security of Persons and Property	144,322	
Public Health Services	7,865	
Leisure Time Activities		11,067
Community Environment	1,476	
Basic Utility Services	31,478	
Transportation	21,013	80,186
General Government	96,849	
Debt Service		
Capital Outlay	20,799	65,000
	<u>323,802</u>	<u>156,253</u>
Total Cash Disbursements	<u>323,802</u>	<u>156,253</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(42,134)</u>	<u>8,455</u>
Other Financing Receipts:		
Proceeds of OWDA Loan		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(42,134)	8,455
Fund Cash Balances January 1	<u>159,327</u>	<u>43,513</u>
Fund Cash Balances, December 31	<u>\$117,193</u>	<u>\$51,968</u>
Reserves for Encumbrances, December 31	<u>\$643</u>	<u>\$367</u>

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

<u>Governmental Fund Types</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$331,203		\$489,027
		239,165
		9,283
		40,104
<u>331,203</u>		<u>777,579</u>
		144,322
		7,865
		11,067
		1,476
		31,478
		101,199
		96,849
445,014		445,014
	\$55,238	141,037
<u>445,014</u>	<u>55,238</u>	<u>980,307</u>
<u>(113,811)</u>	<u>(55,238)</u>	<u>(202,728)</u>
	55,238	55,238
(113,811)		(147,490)
<u>235,000</u>	<u>17,962</u>	<u>455,802</u>
<u>\$121,189</u>	<u>\$17,962</u>	<u>\$308,312</u>
		<u>\$1,010</u>

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$270,169		\$270,169
Miscellaneous	3,525		3,525
Total Operating Cash Receipts	<u>273,694</u>		<u>273,694</u>
Operating Cash Disbursements:			
Personal Services	129,259		129,259
Travel Transportation	15		15
Supplies and Materials	103,763		103,763
Capital Outlay	69,974		69,974
Total Operating Cash Disbursements	<u>303,011</u>		<u>303,011</u>
Operating Loss	<u>(29,317)</u>		<u>(29,317)</u>
Non-Operating Cash Receipts:			
Local Taxes	36,873		36,873
Intergovernmental Receipts	663		663
Miscellaneous		3,976	3,976
Other Non-Operating Receipts		1,330	1,330
Total Non-Operating Cash Receipts	<u>37,536</u>	<u>5,306</u>	<u>42,842</u>
Non-Operating Cash Disbursements:			
Debt Service	57,255		57,255
Other Non-Operating Cash Disbursements	13,336		13,336
Total Non-Operating Cash Disbursements	<u>70,591</u>		<u>70,591</u>
Net Cash Receipts Over/(Under) Disbursements	(62,372)	5,306	(57,066)
Fund Cash Balances, January 1	<u>472,398</u>	<u>56,681</u>	<u>529,079</u>
Fund Cash Balances, December 31	<u>\$410,026</u>	<u>\$61,987</u>	<u>\$472,013</u>
Reserve for Encumbrances, December 31	<u>\$385</u>	<u>\$50</u>	<u>\$435</u>

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

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**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Unity, Williams County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, street maintenance, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

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 disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

VILLAGE OF WEST UNITY
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. Special Revenue Funds (Continued)

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

Motor Vehicle License Tax Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

The Village's Debt Service Fund is being used to retire mortgage revenue bonds and loan proceeds received from the Ohio Water Development Authority.

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had one significant capital projects fund called the Sanitary Sewer Fund. This fund receives proceeds of general obligation bonds. The proceeds are being used to improve the sanitary sewer system.

5. Enterprise Funds

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

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

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

6. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had one significant fiduciary fund called the Kissell Trust Fund. This fund earns interest which can be utilized for support and maintenance of the Village Park.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$374,586	\$279,150
Certificates of deposit	<u>501,000</u>	<u>501,000</u>
Total deposits	<u>875,586</u>	<u>780,150</u>
Cash on Hand	<u>175</u>	<u>175</u>
Total Carrying Amount	<u><u>\$875,761</u></u>	<u><u>\$780,325</u></u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$316,160	\$327,435	\$11,275
Special Revenue	115,750	116,605	855
Debt Service	205,000	217,949	12,949
Capital Projects		117,357	117,357
Enterprise	370,100	270,152	(99,948)
Fiduciary	<u>15,000</u>	<u>2,616</u>	<u>(12,384)</u>
Total	<u><u>\$1,022,010</u></u>	<u><u>\$1,052,114</u></u>	<u><u>\$30,104</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$349,376	\$296,581	\$52,795
Special Revenue	151,775	131,306	20,469
Debt Service	250,000	189,121	60,879
Capital Projects	17,962	76,132	(58,170)
Enterprise	542,105	281,897	260,208
Fiduciary	<u>14,850</u>	<u>4,064</u>	<u>10,786</u>
Total	<u><u>\$1,326,068</u></u>	<u><u>\$979,101</u></u>	<u><u>\$346,967</u></u>

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,000	\$281,668	\$31,668
Special Revenue	139,500	164,708	25,208
Debt Service	550,000	331,203	(218,797)
Capital Projects		55,238	55,238
Enterprise	210,500	311,230	100,730
Fiduciary	5,000	5,306	306
Total	<u>\$1,155,000</u>	<u>\$1,149,353</u>	<u>(\$5,647)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$362,176	\$324,445	\$37,731
Special Revenue	193,590	156,620	36,970
Debt Service	446,085	445,014	1,071
Capital Projects	17,519	55,238	(37,719)
Enterprise	448,850	373,987	74,863
Fiduciary	11,734	50	11,684
Total	<u>\$1,479,954</u>	<u>\$1,355,354</u>	<u>\$124,600</u>

Expenditures exceeded appropriations by \$58,170 and \$37,719 in 2000 and 1999, respectively, in the Sanitary Sewer Fund, contrary to Ohio Revised Code Section 5705.41(B).

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,767,962	4.12%
Mortgage Revenue Bonds	581,000	5.00%
Total	\$2,348,962	

The Ohio Water Development Authority (OWDA) loan relates to a sewer facilities improvement project. The OWDA has approved up to \$2,010,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$71,390, including interest, over 20 years. The scheduled payment amount below was established by OWDA and assumes that \$1,932,477 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2001	\$142,779	\$55,050
2002	142,779	53,750
2003	142,779	53,450
2004	142,779	53,100
2005	142,780	53,700
Subsequent	1,784,739	587,850
Total	\$2,498,635	\$856,900

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 9% and 10%, respectively, of their wages to the OP&F. For 2000 and 1999, the Village contributed an amount equal to 15.7% and 19.5% of their wages, respectively. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% and 13.55% of participants' gross salaries of 2000 and 1999, respectively. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village belongs to the Ohio Governmental Risk Management Plan Pool, (the "Pool"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance coverage to full-time employees through a private carrier.

8. INCOME TAX

In 2000, the Village passed an ordinance which changed the allocation of income tax collections. Prior to January 1, 2000, the Village ordinance required income tax collections to be posted to the Debt Service Fund. In 2000, the Village passed ordinance 2000-1 which required income tax collections to be posted directly to the Debt Service Fund and Capital Projects Fund.

This change had no effect on fund balance as it was previously reported as of December 31, 1998.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of West Unity
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West Unity, Ohio 43570-0207

To the Village Council:

We have audited the accompanying financial statements of the Village of West Unity, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 9, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30186-001 and 2000-30186-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-30186-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 9, 2001.

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

Jim Petro
Auditor of State

July 9, 2001

**VILLAGE OF WEST UNITY
WILLIAMS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30186-001

Finding Repaid Under Audit

Ordinance 1999-9 specifies that the Chief of Police is to be compensated a prorated annual salary of \$19,760 during his six month probationary period in 1999. Upon completion of his probationary period, the Ordinance requires the Chief of Police to be compensated an annual salary rate of \$23,920 for the remainder of 1999. The increase in compensation after completion of the six month probationary period was incorrectly calculated, which resulted in John Richard, Chief of Police, receiving an overpayment of \$160.00 in 1999.

In accordance with the facts and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public money illegally expended is hereby issued against John Richard, Chief of Police, and his bonding company, Ohio Government Risk Management Plan, jointly and severally, in favor of the General Fund in the total amount of \$160.00. On June 6, 2001 the overpayment of \$160.00 was withheld from Mr. Richard's salary on payroll check number 5801.

FINDING NUMBER 2000-30186-002

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village's expenditures exceeded appropriations in the Sanitary Sewer Fund by the following amounts in 1999 and 2000:

Year	Appropriations	Actual Expenditures	Variance
1999	\$17,519	\$55,238	(\$37,719)
2000	\$17,962	\$76,132	(\$58,170)

The Village should regularly monitor budgets to make sure that there are sufficient appropriations to fund anticipated expenditures.

FINDING NUMBER 2000-30186-003

Reportable Condition - Budgeted Receipts and Expenditures

The Village Council sets the annual budget for the Village. Amounts of estimated receipts and expenditures (appropriations) from this budget are posted into the receipts and appropriations records of the Village and used by management to monitor financial operations.

FINDING NUMBER 2000-30186-003
(Continued)

Estimated amounts of receipts and expenditures in the budgetary ledgers did not always agree with the amounts established in the annual budget and subsequent amendments. Failure to ensure that all approved budgeted amounts are adopted into the accounting system could result in financial goals not being met and/or violations of budgetary laws.

The Clerk-Treasurer should use the amounts of estimated receipts and expenditures that were authorized by Council. These amounts should be posted into the receipts and appropriations ledgers included in the budgetary statements section of the annual financial report of the Village. As part of the monitoring process, the Village should then review its records to ensure that all budgeted amounts are properly reflected in the appropriate funds.



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VILLAGE OF WEST UNITY

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2001**