

Village of West Union

Adams County

Regular Audit

January 1, 2001 Through December 31, 2002

Fiscal Years Audited Under GAGAS: 2002 & 2001

**BALESTRA & COMPANY**

A division of Harr & Scherer, CPAs

**CERTIFIED PUBLIC ACCOUNTANTS**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661





**Auditor of State  
Betty Montgomery**

Members of the Board  
Village of West Union  
923 Sunrise Avenue  
P.O. Box 395  
West Union, OH 45693

We have reviewed the Independent Auditor's Report of the Village of West Union, Adams County, prepared by Balestra & Company, for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 9, 2003

VILLAGE OF WEST UNION  
ADAMS COUNTY

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
Village of West Union  
923 Sunrise Avenue  
West Union, Ohio 45693

We have audited the accompanying financial statements of the Village of West Union, Adams County, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of West Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village of West Union prepares its financial statements on the basis of accounting presented or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 combined fund cash balances and its combined budgeted and actual receipts and budgeted and actual disbursements and reserve for encumbrances of the Village of West Union, as of December 31, 2002 and 2001, 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 June 2, 2003 on our consideration of the Village of West Union'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 audit.

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

*Balestra & Company*  
Balestra & Company

June 2, 2003

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF CASH AND FUND  
CASH BALANCES - ALL FUND TYPES  
AS OF DECEMBER 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Total Cash and Cash Equivalents	\$546,499	\$548,730
 <u>CASH BALANCES BY FUND TYPE</u>		
Governmental Fund Type:		
General	82,541	43,327
Special Revenue	64,876	57,904
Debt Service	27,515	16,085
Capital Projects	45,604	68,452
Proprietary Fund Type:		
Enterprise	325,963	362,962
Fiduciary Fund Type:		
Agency	<u>0</u>	<u>0</u>
Total	<u>\$546,499</u>	<u>\$548,730</u>

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Local Taxes	\$270,502	\$227,485	\$67,311	\$2,035	\$567,333
Charges for Services	42,568	3,081	0	0	45,649
Fines, Licenses and Permits	91,846	166	0	0	92,012
Intergovernmental Receipts	68,418	67,704	0	296,422	432,544
All Other Receipts	12,357	3,892	0	0	16,249
<b>Total Cash Receipts</b>	<b>485,691</b>	<b>302,328</b>	<b>67,311</b>	<b>298,457</b>	<b>1,153,787</b>
Cash Disbursements					
Current					
Security of Persons and Property	249,068	85,559	1,902	0	336,529
Public Health Services	9,405	20,758	0	0	30,163
General Government	200,234	2,138	0	0	202,372
Community Environment	4,194	0	0	0	4,194
Basic Utility Service	0	6,598	0	69,034	75,632
Transportation	0	181,244	0	232,388	413,632
Capital Outlay	0	0	0	46,852	46,852
Debt Service	0	0	53,979	0	53,979
<b>Total Cash Disbursements</b>	<b>462,901</b>	<b>296,297</b>	<b>55,881</b>	<b>348,274</b>	<b>1,163,353</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>22,790</b>	<b>6,031</b>	<b>11,430</b>	<b>(49,817)</b>	<b>(9,566)</b>
Other Financing Sources (Uses):					
Proceeds of Bonds	0	0	0	21,963	21,963
Interest	13,361	13	0	0	13,374
Sale of Fixed Assets	4,256	0	0	0	4,256
Transfers - In	1,107	2,035	0	20,400	23,542
Transfers - Out	(2,300)	(1,107)	0	(15,394)	(18,801)
Advances - In	10,000	3,409	3,409	0	16,818
Advances - Out	(10,000)	(3,409)	(3,409)	0	(16,818)
<b>Total Other Financing Sources (Uses)</b>	<b>16,424</b>	<b>941</b>	<b>0</b>	<b>26,969</b>	<b>44,334</b>
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Uses	39,214	6,972	11,430	(22,848)	34,768
Fund Cash Balances, January 1, 2002	43,327	57,904	16,085	68,452	185,768
Fund Cash Balances, December 31, 2002	<u>\$82,541</u>	<u>\$64,876</u>	<u>\$27,515</u>	<u>\$45,604</u>	<u>\$220,536</u>
Reserve for Encumbrances, December 31, 2002	<u>\$1,393</u>	<u>\$1,699</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,092</u>

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Local Taxes	\$82,495	\$167,443	\$53,788	\$0	\$303,726
Charges for Services	46,486	0	0	0	46,486
Fines, Licenses and Permits	84,816	247	0	0	85,063
Intergovernmental Receipts	160,163	76,795	2,977	349,172	589,107
All Other Receipts	5,057	4,480	0	0	9,537
<b>Total Cash Receipts</b>	<b>379,017</b>	<b>248,965</b>	<b>56,765</b>	<b>349,172</b>	<b>1,033,919</b>
Cash Disbursements					
Current					
Security of Persons and Property	250,521	82,598	1,474	0	334,593
Public Health Services	6,614	13,956	0	0	20,570
General Government	152,815	0	0	0	152,815
Community Environment	0	1,500	0	0	1,500
Transportation	0	175,261	0	0	175,261
Capital Outlay	0	0	0	751,939	751,939
Debt Service	0	0	56,141	0	56,141
<b>Total Cash Disbursements</b>	<b>409,950</b>	<b>273,315</b>	<b>57,615</b>	<b>751,939</b>	<b>1,492,819</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(30,933)</b>	<b>(24,350)</b>	<b>(850)</b>	<b>(402,767)</b>	<b>(458,900)</b>
Other Financing Sources (Uses):					
Proceeds of Bonds	0	0	0	325,714	325,714
Interest	19,064	0	0	0	19,064
Sale of Fixed Assets	7,674	0	0	0	7,674
Transfers - In	0	14,600	0	6,800	21,400
Transfers - Out	(14,600)	0	0	0	(14,600)
<b>Total Other Financing Sources (Uses)</b>	<b>12,138</b>	<b>14,600</b>	<b>0</b>	<b>332,514</b>	<b>359,252</b>
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Uses	(18,795)	(9,750)	(850)	(70,253)	(99,648)
Fund Cash Balances, January 1, 2001	62,122	67,654	16,935	138,705	285,416
Fund Cash Balances, December 31, 2001	<u>\$43,327</u>	<u>\$57,904</u>	<u>\$16,085</u>	<u>\$68,452</u>	<u>\$185,768</u>
Reserve for Encumbrances, December 31,	<u>\$1,373</u>	<u>\$303</u>	<u>\$0</u>	<u>\$21,115</u>	<u>\$22,791</u>

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



VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	Enterprise	Agency	
Cash Operating Receipts			
Charges for Services	\$1,126,353	\$0	\$1,126,353
Other Operating Revenue	9,016	0	9,016
Total Cash Operating Receipts	1,135,369	0	1,135,369
Cash Operating Disbursements			
Personal Services	196,109	0	196,109
Employee Fringe Benefits	69,271	0	69,271
Contractual Services	385,720	0	385,720
Supplies and Materials	150,218	0	150,218
Capital Outlay	6,600	0	6,600
Miscellaneous	2,000	0	2,000
Total Cash Operating Disbursements	809,918	0	809,918
Operating Receipts Over/(Under)			
Operating Disbursements	325,451	0	325,451
Non-Operating Receipts (Disbursements)			
Debt Service	(357,709)	0	(357,709)
Miscellaneous	0	80,729	80,729
Distributions	0	(80,729)	(80,729)
Total Non-Operating Receipts (Disbursements)	(357,709)	0	(357,709)
Excess of Receipts Over/(Under)			
Disbursements Before Transfers	(32,258)	0	(32,258)
Operating Transfers - In	378,057	0	378,057
Operating Transfers - Out	(382,798)	0	(382,798)
Net Receipts Over/(Under)			
Disbursements	(36,999)	0	(36,999)
Fund Cash Balance, January 1, 2002	362,962	0	362,962
Fund Cash Balance, December 31, 2002	\$325,963	\$0	\$325,963

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	Enterprise	Agency	
Cash Operating Receipts			
Charges for Services	\$1,153,121	\$0	\$1,153,121
Other Operating Revenue	7,392	0	7,392
<b>Total Cash Operating Receipts</b>	<b>1,160,513</b>	<b>0</b>	<b>1,160,513</b>
Cash Operating Disbursements			
Personal Services	250,776	0	250,776
Employee Fringe Benefits	73,980	0	73,980
Contractual Services	359,602	0	359,602
Supplies and Materials	160,519	0	160,519
Miscellaneous	1,050	0	1,050
<b>Total Cash Operating Disbursements</b>	<b>845,927</b>	<b>0</b>	<b>845,927</b>
Operating Receipts Over/(Under)			
Operating Disbursements	314,586	0	314,586
Non-Operating Receipts (Disbursements)			
Debt Service	(357,428)	0	(357,428)
Miscellaneous	0	89,465	89,465
Distributions	0	(89,465)	(89,465)
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>(357,428)</b>	<b>0</b>	<b>(357,428)</b>
Excess of Receipts Over/(Under)			
Disbursements Before Transfers	(42,842)	0	(42,842)
Operating Transfers - In	362,475	0	362,475
Operating Transfers - Out	(369,275)	0	(369,275)
<b>Net Receipts Over/(Under) Disbursements</b>	<b>(49,642)</b>	<b>0</b>	<b>(49,642)</b>
Fund Cash Balance, January 1, 2001	412,604	0	412,604
Fund Cash Balance, December 31, 2001	<u>\$362,962</u>	<u>\$0</u>	<u>\$362,962</u>

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 507,100	\$ 503,308	\$ (3,792)
Special Revenue	294,354	302,341	7,987
Debt Service	431,398	67,311	(364,087)
Capital Project	340,819	320,420	(20,399)
Proprietary			
Enterprise	<u>1,151,025</u>	<u>1,135,369</u>	<u>(15,656)</u>
Total (Memorandum Only)	<u>\$ 2,724,696</u>	<u>\$ 2,328,749</u>	<u>\$ (395,947)</u>

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

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY  
 FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 539,500	\$ 464,294	\$ 75,206
Special Revenue	313,923	297,996	15,927
Debt Service	57,000	55,881	1,119
Capital Project	702,843	348,274	354,569
Proprietary			
Enterprise	1,646,000	1,167,627	478,373
Total (Memorandum Only)	<u>\$ 3,259,266</u>	<u>\$ 2,334,072</u>	<u>\$ 925,194</u>

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 389,000	\$ 405,755	\$ 16,755
Special Revenue	256,200	248,965	(7,235)
Debt Service	416,975	56,765	(360,210)
Capital Project	704,172	674,886	(29,286)
Proprietary			
Enterprise	1,135,800	1,160,513	24,713
Total (Memorandum Only)	<u>\$ 2,902,147</u>	<u>\$ 2,546,884</u>	<u>\$ (355,263)</u>

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

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY  
 FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 392,500	\$ 411,323	\$ (18,823)
Special Revenue	290,799	273,618	17,181
Debt Service	55,000	57,615	(2,615)
Capital Project	809,500	773,054	36,446
Proprietary			
Enterprise	1,584,000	1,203,355	380,645
Total (Memorandum Only)	<u>\$ 3,131,799</u>	<u>\$ 2,718,965</u>	<u>\$ 412,834</u>

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of West Union is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: Security of persons and property, public health and welfare, and community development. Educational services are provided by Ohio Valley Local School District. The District is a separate governmental entity and its financial statements are not included in those presented in this report.

The financial statements of the Mayor's Court are included in the Village's financial statements as an agency fund because of the oversight responsibility exercised by Village Council through its budgetary authorizations for court operations.

Management believes the financial statements included in this report represent all of the funds of the Village for which the Village is financially accountable.

B. BASIS OF ACCOUNTING

The financial statements were prepared on the basis of accounting prescribed or permitted by the Auditor of State. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

GOVERNMENTAL FUND TYPE:

General Fund

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. The Village had the following significant Special Revenue Funds:

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

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

Debt Service Fund

To account for the accumulation of resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Fire Bond - set up to repay debt from fire loans.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUND TYPE:

Enterprise Funds

To account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village had the following significant enterprise funds:

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

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

FIDUCIARY FUND TYPE:

Agency Fund

Agency funds are used to account for monies collected by one governmental unit for another governmental unit. The Village had the following significant fiduciary fund:

Mayor's Court - Accounts for activity in mayor's court bank account.



VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS

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

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. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$ <u>616,982</u>	\$ <u>567,953</u>
Total Deposits	<u>616,982</u>	<u>567,953</u>
Reconciling Items	<u>(70,483)</u>	<u>(19,223)</u>
Carrying Amount	\$ <u>546,499</u>	\$ <u>548,730</u>

Deposits were either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution or the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

4. DEBT

Debt outstanding at December 31, 2002, consisted of the following:

Sanitary Sewerage System	
Construction-Bond Anticipation Note 92-07	
Principal Outstanding	\$ 1,114,400
Interest Rate	3.84%
Sanitary Sewerage System	
Construction-Bond Anticipation Note 92-09	
Principal Outstanding	\$ 27,100
Interest Rate	3.84%
Sanitary Sewerage System	
Construction-Bond Anticipation Note 92-13	
Principal Outstanding	\$ 432,900
Interest Rate	4.45%
Sanitary Sewer Mortgage	
Revenue Bonds 92-01	
Principal Outstanding	\$ 820,933
Interest Rate	5.00%
Sanitary Sewer Mortgage	
Revenue Bonds 92-03	
Principal Outstanding	\$ 132,000
Interest Rate	5.00%
First Mortgage Water System	
Revenue Bonds 91-04	
Principal Outstanding	\$ 557,900
Interest Rate	6.00%
Fire Equipment-Bond Levy	
Principal Outstanding	\$ 229,000
Interest Rate	5.45%
OWDA Loan – 2133	
Principal Outstanding	\$ 853,996
Interest Rate	5.86%
OWDA Loan - 3365	
Principal Outstanding	\$ 343,027
Interest Rate	5.86%

VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

4. DEBT (continued)

General obligation bonds are direct obligations of the Village for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property within the Village. Revenue bonds and bond anticipation notes are direct obligations of the Village for which its full faith, credit and resources are pledged and are payable from the enterprise fund. The annual requirements to amortize all bonded debt outstanding as of December 31, 2002, including interest payments of \$2,828,244 are as follows:

Year Ending December 31	Water Mortgage Revenue Bonds	Sewer Mortgage Revenue Bonds	Fire Bond Levy	Sewer Bond Anticipation Notes
2003	\$ 44,474	\$ 88,647	\$ 53,481	\$ 104,798
2004	44,414	88,597	53,246	105,143
2005	44,418	88,447	53,903	105,100
2006	44,480	88,197	53,396	105,481
2007	44,494	87,847	53,780	105,766
2008-2012	222,334	430,485	-	532,541
2013-2017	222,202	406,735	-	441,712
2018-2022	222,226	137,177	-	310,221
2023-2027	177,772	-	-	321,149
Thereafter	-	-	-	473,725
	<u>\$ 1,066,814</u>	<u>\$ 1,416,132</u>	<u>\$ 267,806</u>	<u>\$ 2,605,636</u>

Year Ending December 31	OWDA Loan	Totals (Memorandum Only)
2003	\$ 56,072	\$ 347,472
2004	112,144	403,544
2005	112,144	404,012
2006	112,144	403,698
2007	112,144	404,031
2008-2012	560,720	1,746,080
2013-2017	481,760	1,552,409
2018-2022	363,320	1,032,944
2023-2027	72,664	571,585
Thereafter	-	473,725
	<u>\$ 1,983,112</u>	<u>\$ 7,339,500</u>

5. RISK MANAGEMENT

The Village maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. A Village Liability Policy is maintained by the Village with private carriers up to a maximum amount of \$1,000,000 per each occurrence and \$1,000,000 aggregate.

VILLAGE OF WEST UNION  
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 & 2001  
(continued)

6. RETIREMENT SYSTEM

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

Contribution rate are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

7. LOCAL INCOME TAX

This locality levied tax of one-half percent which applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village of West Union and to earnings of nonresidents earned in the Village. The tax also applies to net income of business organizations conducted within the Village. Proceeds of the tax are credited to the general fund.

8. CONTINGENCIES

A. Grants

The Village received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2002.

**BALESTRA & COMPANY**  
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Ohio Society of Certified Public Accountants

**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board  
Village of West Union  
923 Sunrise Avenue  
West Union, Ohio 45693

We have audited the financial statements of the Village of West Union, Adams County, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of West Union'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 2, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of West Union'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated June 2, 2003.

Members of the Board  
Village of West Union  
West Union, Ohio 45693

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

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

*Balestra & Company*

Balestra & Company

June 2, 2003







**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF WEST UNION**

**ADAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 31, 2003**