

**VILLAGE OF RACINE**  
**MEIGS COUNTY**  
**REGULAR AUDIT**  
**JANUARY 1, 1999 - DECEMBER 31, 2000**

**David R. Dilley**  
**Certified Public Accountant**  
**121 Leasure Road**  
**Chillicothe, Ohio 45601**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Village Council  
Village of Racine  
P.O. Box 375  
Racine, Ohio 45771

We have reviewed the independent auditor's report of the Village of Racine, Meigs County, prepared by David R. Dilley, Certified Public Accountant, for the audit period January 1, 1999 through December 31, 2000. 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 Racine is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

July 18, 2001

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VILLAGE OF RACINE  
MEIGS COUNTY  
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000

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**Independent Auditor's Report**

Village Council  
Village of Racine  
PO Box 375  
Racine, Ohio 45771

I have audited the accompanying financial statements of the Village of Racine, Meigs County, Ohio, (the Village) as of and for the year ended December 31, 2000, and December 31, 1999. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides 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 my 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 of Racine, Meigs County, Ohio, as of December 31, 2000, and December 31, 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*, I have also issued a report dated June 21, 2001 on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*David R. Dilley*

David R. Dilley  
Certified Public Accountant

June 21, 2001

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts</b>				
Taxes	\$20,985	\$2,799	\$0	\$23,784
Intergovernmental	28,001	27,383	0	55,384
Charges for Services	6,494	68,018	0	74,512
Fines, Licenses, and Permits	3,737	0	0	3,737
Interest	1,199	5,838	0	7,037
Miscellaneous	1,933	4,025	0	5,958
<b>Total Cash Receipts</b>	<b>62,349</b>	<b>108,063</b>	<b>0</b>	<b>170,412</b>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	19,629	23,792	0	43,421
Public Health Services	2,043	0	0	2,043
Basic Utility Services	4,652	1,614	0	6,266
Leisure Time Activities	0	0	0	0
Transportation	7,874	45,426	0	53,300
General Government	23,623	0	0	23,623
Capital Outlay	0	0	0	0
Debt Service	0	0	0	0
Redemption of Principal	4,696	0	14,370	19,066
Interest	780	0	2,377	3,157
<b>Total Cash Disbursements</b>	<b>63,297</b>	<b>70,832</b>	<b>16,747</b>	<b>150,876</b>
Total Cash Receipts Over/Under Cash Disbursements	(948)	37,231	(16,747)	(19,536)
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	3,700	0	0	3,700
Sale of Equipment	400	0	0	400
Transfers-in	0	0	16,747	16,747
Transfers-out	0	(16,747)	0	(16,747)
<b>Total Other Financing Receipts / Disbursements</b>	<b>4,100</b>	<b>(16,747)</b>	<b>16,747</b>	<b>4,100</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,152	20,484	0	23,636
Fund Cash Balances, January 1, 2000	54,110	131,649	0	185,759
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$57,262</b>	<b>\$152,133</b>	<b>\$0</b>	<b>\$209,395</b>
Reserve for Encumbrances, December 31, 2000	\$0	\$2,840	\$0	\$2,840

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



**VILLAGE OF RACINE**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts</b>				
Charges for Services	\$116,474	\$0	\$0	\$116,474
Interest	3,410	0	0	3,410
Miscellaneous	390	1,212	0	1,602
<b>Total Operating Cash Receipts</b>	<b>120,274</b>	<b>1,212</b>	<b>0</b>	<b>121,486</b>
<b>Operating Cash Disbursements</b>				
Personal Services	37,662	0	0	37,662
Travel Transportation	2,846	0	0	2,846
Contractual Services	20,302	0	0	20,302
Supplies and Materials	49,373	0	0	49,373
Capital Outlay	14,720	0	0	14,720
<b>Total Operating Cash Disbursements</b>	<b>124,903</b>	<b>0</b>	<b>0</b>	<b>124,903</b>
<b>Operating Income / (Loss)</b>	<b>(4,629)</b>	<b>1,212</b>	<b>0</b>	<b>(3,417)</b>
<b>Non Operating Cash Receipts</b>				
Other Non Operating Receipts	0	0	5,509	5,509
<b>Total Non Operating Cash Receipts</b>	<b>0</b>	<b>0</b>	<b>5,509</b>	<b>5,509</b>
<b>Non Operating Cash Disbursements</b>				
Debt Service				
Redemption of Principal	4,188	0	0	4,188
Interest	1,561	0	0	1,561
Other Non Operating Cash Disbursements	3,962	0	5,509	9,471
<b>Total Non Operating Cash Disbursements</b>	<b>9,711</b>	<b>0</b>	<b>5,509</b>	<b>15,220</b>
<b>Net Receipts Over / (Under) Disbursements</b>	<b>(14,340)</b>	<b>1,212</b>	<b>0</b>	<b>(13,128)</b>
Fund Cash Balances, January 1, 2000	136,151	21,903	0	158,054
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$121,811</b>	<b>\$23,115</b>	<b>\$0</b>	<b>\$144,926</b>
Reserve for Encumbrances, December 31, 2000	\$2,414	\$0	\$0	\$2,414

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

**VILLAGE OF RACINE**  
**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			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts</b>				
Taxes	\$23,068	\$1,600	\$0	\$24,668
Intergovernmental	26,163	27,554	0	53,717
Charges for Services	6,681	32,414	0	39,095
Fines, Licenses, and Permits	6,793	0	0	6,793
Interest	1,202	5,820	0	7,022
Miscellaneous	133	3,682	0	3,815
Total Cash Receipts	64,040	71,070	0	135,110
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	24,067	10,227	0	34,294
Public Health Services	0	1,313	0	1,313
Basic Utility Services	6,192	3,995	0	10,187
Leisure Time Activities	712	0	0	712
Transportation	9,968	28,944	0	38,912
General Government	30,876	957	0	31,833
Capital Outlay	0	8,849	0	8,849
Debt Service	0	0	0	0
Redemption of Principal	5,159	0	13,647	18,806
Interest	318	0	3,100	3,418
Total Cash Disbursements	77,292	54,285	16,747	148,324
Total Cash Receipts Over/Under Cash Disbursements	(13,252)	16,785	(16,747)	(13,214)
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	0	0	0	0
Sale of Equipment	650	525	0	1,175
Transfers-in	0	0	16,747	16,747
Transfers-out	0	(16,747)	0	(16,747)
Total Other Financing Receipts / Disbursements:	650	(16,222)	16,747	1,175
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,602)	563	0	(12,039)
Fund Cash Balances, January 1, 1999	66,712	131,086	0	197,798
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$54,110</b>	<b>\$131,649</b>	<b>\$0</b>	<b>\$185,759</b>
Reserve for Encumbrances, December 31, 1999	\$1,280	\$953	\$0	\$2,233

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

**VILLAGE OF RACINE**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31 1999**

	Proprietary	Fiduciary Fund Types		Totals
	Fund Type	Nonexpendable	Agency	(Memorandum
	Enterprise	Trust		Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$110,416	\$0	\$0	\$110,416
Interest	3,439	0	0	3,439
Miscellaneous	0	0	0	0
<b>Total Operating Cash Receipts</b>	<b>113,855</b>	<b>0</b>	<b>0</b>	<b>113,855</b>
<b>Operating Cash Disbursements</b>				
Personal Services	28,173	0	0	28,173
Travel Transportation	2,066	0	0	2,066
Contractual Services	45,693	0	0	45,693
Supplies and Materials	22,287	0	0	22,287
Capital Outlay	0	0	0	0
<b>Total Operating Cash Disbursements</b>	<b>98,219</b>	<b>0</b>	<b>0</b>	<b>98,219</b>
<b>Operating Income / (Loss)</b>	<b>15,636</b>	<b>0</b>	<b>0</b>	<b>15,636</b>
<b>Non Operating Cash Receipts</b>				
Other Non Operating Receipts	0	88	8,373	8,461
<b>Total Non Operating Cash Receipts</b>	<b>0</b>	<b>88</b>	<b>8,373</b>	<b>8,461</b>
<b>Non Operating Cash Disbursements</b>				
Debt Service				
Redemption of Principal	4,107	0	0	4,107
Interest	1,641	0	0	1,641
Other Non Operating Cash Disbursements	0	0	8,373	8,373
<b>Total Non Operating Cash Disbursements</b>	<b>5,748</b>	<b>0</b>	<b>8,373</b>	<b>14,121</b>
<b>Net Receipts Over / (Under) Disbursements</b>	<b>9,888</b>	<b>88</b>	<b>0</b>	<b>9,976</b>
Fund Cash Balances, January 1, 1999	126,263	21,815	0	148,078
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$136,151</b>	<b>\$21,903</b>	<b>\$0</b>	<b>\$158,054</b>
Reserve for Encumbrances, December 31, 1999	\$0	\$0	\$0	\$0

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

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

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1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Racine, Meigs 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 utilities, refuse collection, park operations (leisure time activities), and police and fire protection.

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 a payment is made 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

The Village's certificates of deposit are valued at cost.

D. Fund Accounting

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

General Fund

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

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:

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

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle license tax money for maintaining and repairing state highways located within the village.

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

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1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Cemetery Fund - This fund receives proceeds from the sale of cemetery lots, opening and closing grave fees, and interest earning to maintain the Village cemetery.

Fire Protection Fund - This fund receives levy money to provide fire and protection to Village residents and contracted services money from Letart, Lebanon and Sutton Townships to provide fire protection to the residents of those Townships.

Debt Service Fund

This fund is used to accumulate resources for the payment of principal and interest on note indebtedness for debt associated with governmental fund types.

Enterprise Funds

These funds are used to 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 users charges. The Village had the following significant Enterprise Funds:

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

Refuse Fund - This fund receives charges for services from residents to cover the cost of providing trash or garbage collection.

Utilities Deposit Fund - This fund receives customer utility deposits and makes reimbursements to customers upon termination of utility services or applies customer deposits to utility accounts open upon unsatisfactory termination of utility services.

Fiduciary Funds

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. Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following significant Fiduciary Funds:

Cemetery Bequest Fund - This Nonexpendable Trust Fund accounts for money received and placed in trust, for the perpetual care of an individual's grave. Only the interest earned on the trust can be used for the costs of maintaining the cemeteries.

Mayor's Court Fund - This Agency Fund accounts for, and reports, the financial activity of the Mayor's Court of the village.

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

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1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village 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. The Village did not appropriate some special revenue monies prior to disbursement.

**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.

**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.

2. Equity in Pooled Cash and Investments

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

	2000	1999	
Demand deposits	\$346,321	\$337,013	
Certificates of deposit	8,000	6,800	
Total deposits	\$354,321	\$343,813	

Cash on Hand at December 31, 2000 and 1999 was \$60.

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

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 1999, and December 31, 1998, was as follows:

<u>2000 Budgeted VS. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$61,476	\$66,449	\$4,973
Special Revenue	84,701	108,063	23,362
Debt Service	16,747	16,747	0
Enterprise	82,500	120,274	37,774
Nonexpendable Trust	15	1,212	1,197
Total	<u>\$245,439</u>	<u>\$312,745</u>	<u>\$67,306</u>

<u>2000 Budgeted VS. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$95,920	\$63,297	\$32,623
Special Revenue	94,093	90,419	3,674
Debt Service	16,747	16,747	0
Enterprise	138,905	134,614	4,291
Nonexpendable Trust	28,891	0	28,891
Total	<u>\$374,556</u>	<u>\$305,077</u>	<u>\$69,479</u>

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

3. Budgetary Activity (Continued)

<u>1999 Budgeted VS. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$53,628	\$64,690	\$11,062
Special Revenue	73,814	71,595	(2,219)
Debt Service	16,747	16,747	0
Enterprise	108,840	113,855	5,015
Nonexpendable Trust	22	88	66
Total	<u>\$253,051</u>	<u>\$266,975</u>	<u>\$13,924</u>

<u>1999 Budgeted VS. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$104,031	\$77,292	\$26,739
Special Revenue	62,378	71,032	(8,654)
Debt Service	16,747	16,747	0
Enterprise	153,980	103,967	50,013
Nonexpendable Trust	21,789	0	21,789
Total	<u>\$358,925</u>	<u>\$269,038</u>	<u>\$89,887</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on the 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 Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

5. Debt  
 Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority	\$73,867	2.00%
General Obligation (Fire House) Note	31,015	5.25%
General Obligation (Municipal Building Roof) Note	10,144	5.25%
General Obligation (Municipal Building Repairs) Note	3,700	5.26%

The Ohio Water Development Authority (OWDA) loan relates to a water line and well improvement project. The OWDA approved \$94,000 to the Village for this project. The loan is being repaid in semiannual installments of \$2,874 including interest, over 20 years. The first payment began on July 1, 1996, and a final payment of the unpaid principal balance plus accrued interest due will be payable on January 1, 2016. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The first general obligation loan listed above relates to the construction of a fire house. The original amount of the loan issued was \$72,000, and is being repaid in annual installments of \$16,747, including interest over 5 years. The first payment began on October 1, 1998, and a final payment of the unpaid principal balance plus accrued interest due will be payable on October 2, 2002.

The second general obligation loan listed above relates to the repair of the municipal building roof. The original amount of the loan issued was \$20,000, and is being repaid in annual installments of \$5,475, including interests over four years. The first payment began on February 1, 1999, and a final payment of the unpaid principal balance plus accrued interest will be payable on February 1, 2002.

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

<u>Year Ending December 31:</u>	<u>OWDA Loan</u>	<u>General Obligation Note (Fire House)</u>	<u>General Obligation Note (Roof)</u>	<u>General Obligation Note (Repair)</u>
2001	\$5,748	\$16,747	\$5,476	\$1,325
2002	5,748	16,747	5,476	1,325
2003	5,748	0	0	1,325
2004	5,748	0	0	0
2005	5,748	0	0	0
Subsequent	57,489	0	0	0
<b>Total</b>	<b>\$86,229</b>	<b>\$33,494</b>	<b>\$10,952</b>	<b>\$3,975</b>

**Village of Racine, Meigs County**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2000 and 1999**

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6. Retirement Systems

The employees of the Village, as well as some of the elected officials, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer defined benefit pension plan. This plan provides retirement and disability benefits, including post-retirement 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 PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participant's gross salaries. The Village has paid all contributions required through December 31, 2000.

7. Risk Management

The Village has obtained commercial insurance coverage for the following risks:

- Comprehensive property, general liability and inland marine
- Vehicles, including fire vehicles, liability, comprehensive and collision
- Public officials' and law enforcement liability
- Wrongful acts and dishonesty bond

**David R. Dilley**  
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**Report of Independent Accountant's on Compliance and on  
Internal Control Required by Government Auditing Standards**

Village Council  
Village of Racine  
PO Box 375  
Racine, Ohio 45771

I have audited the accompanying financial statements of the Village of Racine, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2000, and December 31, 1999. I conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-1. I also noted certain immaterial instances of noncompliance that I have reported to management of the Village in a separate letter dated June 21, 2001

**Internal Control Over Financial Reporting**

In planning and performing my audit, 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. My 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. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, I noted other matters involving internal control over financial reporting that do not require inclusion in this report, that I have reported to management of the Village in a separate letter dated June 21, 2001.

This report is intended solely for the information and use of the audit committee, management, council, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*David R. Dilley*

David R. Dilley  
Certified Public Accountant

June 21, 2001

**VILLAGE OF RACINE  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-1:**

The Ohio Rev. Code section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Disbursements in the Fire Protection Fund exceeded that fund's appropriations by \$8,654 in 1999 and by \$14,061 in 2000.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF RACINE**

**MEIGS 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, 2001**