



**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Uniopolis
Auglaize County
P.O. Box 67
Uniopolis, Ohio 45888

To the Village Council:

We have audited the accompanying financial statements of the Village of Uniopolis, Auglaize County, (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 audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 May 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 this audit.

This report is intended solely for the information and use of management and 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

May 9, 2001

**VILLAGE OF UNIOPOLIS
AUGLAIZE 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$4,542		\$4,542
Intergovernmental Receipts	74,501	9,134	83,635
Fines, Licenses, and Permits		25	25
Interest	7,471	144	7,615
Miscellaneous	1,970		1,970
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	88,484	9,303	97,787
Cash Disbursements:			
Current:			
Security of Persons and Property	22,887		22,887
Leisure Time Activities	3,531		3,531
Basic Utility Services	2,390		2,390
Transportation		1,059	1,059
General Government	51,850		51,850
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	80,658	1,059	81,717
Total Receipts Over Disbursements	7,826	8,244	16,070
Fund Cash Balances January 1	111,671	16,076	127,747
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$119,497</u>	<u>\$24,320</u>	<u>\$143,817</u>
Reserves for Encumbrances, December 31	<u>\$410</u>	<u>\$1,225</u>	<u>\$1,635</u>

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

VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:

Charges for Services \$26,830

Operating Cash Disbursements:

Personal Services 900
Employee Fringe Benefits 96
Contractual Services 16,551
Supplies and Materials 10,813
Capital Outlay 487

Total Operating Cash Disbursements 28,847

Operating (Loss) (2,017)

Fund Cash Balance, January 1 83,197

Fund Cash Balance, December 31 \$81,180

Reserve for Encumbrances, December 31 \$2,938

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

**VILLAGE OF UNIOPOLIS
AUGLAIZE 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$5,568			\$5,568
Intergovernmental Receipts	74,377	9,045	15,600	99,022
Interest	8,483	292		8,775
Miscellaneous	1,322			1,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	89,750	9,337	15,600	114,687
Cash Disbursements:				
Current:				
Security of Persons and Property	21,087			21,087
Leisure Time Activities	3,581			3,581
Basic Utility Services	7,627			7,627
Transportation		2,506		2,506
General Government	38,240			38,240
Capital Outlay			19,350	19,350
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	70,535	2,506	19,350	92,391
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	19,215	6,831	(3,750)	22,296
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Transfers-In			3,750	3,750
Transfers-Out	(3,750)			(3,750)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,465	6,831	0	22,296
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances January 1	96,206	9,245	0	105,451
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$111,671</u>	<u>\$16,076</u>	<u>\$0</u>	<u>\$127,747</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$924</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:	
Charges for Services	<u>\$24,362</u>
Operating Cash Disbursements:	
Personal Services	984
Travel Transportation	15,576
Contractual Services	<u>5,300</u>
Total Operating Cash Disbursements	<u>21,860</u>
Operating Income	2,502
Fund Cash Balance, January 1	<u>80,695</u>
Fund Cash Balance, December 31	<u><u>\$83,197</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,969</u></u>

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

**VILLAGE OF UNIOPOLIS
AUGLAIZE 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 Uniopolis, Auglaize 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 sewer utilities, park operations (leisure time activities), and security of persons and property.

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

The Village's checking and savings accounts, and certificate of deposit are valued at cost.

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 Fund

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 Fund:

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

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are 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 the following significant Capital Project Fund:

Issue II Fund - This fund is used to account for resources received on behalf of the Village for the payment of the EPA mandated improvements to the Village's sewer facilities.

4. Enterprise Funds

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

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

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. The Village did not encumber all commitments required by Ohio law.

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

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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>2000</u>	<u>1999</u>
Demand deposits	\$ 110,406	\$ 109,345
Savings account	84,591	71,599
Total deposits	194,997	180,944
Certificate of deposit	30,000	30,000
Total deposits and investments	\$224,997	\$210,944

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 89,294	\$ 88,484	\$ (810)
Special Revenue	8,300	9,303	1,003
Enterprise	24,250	26,830	2,580
Total	\$ 121,844	\$ 124,617	\$ 2,773

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 204,104	\$ 81,068	\$ 123,036
Special Revenue	23,818	2,284	21,534
Enterprise	104,947	31,785	73,162
Total	\$ 332,869	\$ 115,137	\$ 217,732

**VILLAGE OF UNIOPOLIS
AUGLAIZE 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	\$ 79,403	\$ 89,750	\$ 10,347
Special Revenue	8,603	9,337	734
Capital Projects	15,600	19,350	3,750
Enterprise	28,250	24,362	(3,888)
Total	\$ 131,856	\$ 142,799	\$ 10,943

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 175,609	\$ 75,209	\$ 100,400
Special Revenue	17,749	2,506	15,243
Capital Projects	15,600	19,350	(3,750)
Enterprise	108,945	24,829	84,116
Total	\$ 317,903	\$ 121,894	\$ 196,009

Expenditures were not always prior certified by the Village Clerk which violated Ohio Rev. Code Section 5705.41(D).

In 1999, expenditures exceeded appropriations and actual revenues exceeded budgeted revenues in the Capital Projects Fund type by \$3,750. This excess represents the Village's share of an Issue II project which was transferred from the General Fund to this fund for payment.

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 payment, 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.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

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

4. PROPERTY TAX (Continued)

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.

5. RETIREMENT SYSTEMS

A. Public Employees Retirement System

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 PERS contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross salaries during the period of January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000, there was a temporary reduction which reduced the employer rate of 8.13%. The Village has paid all contributions required through December 31, 2000.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security. As of December 31, 2000, one Village employee and two members of Council have elected social security. The Village's liability is 6.2 percent of wages paid.

6. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), 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, this Plan is deemed a separate legal entity. The Plan 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 from covered claims that exceed the member's deductible.

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.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

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

7. SUBSEQUENT EVENT

During 1999, the Ohio Environmental Protection Agency (EPA) mandated various improvements to be made to the Village's sewer facilities. The Village estimates that the total cost of the sewer project will be \$63,927 upon the projected completion date of November 15, 2001. The Village expects to receive \$17,000 in Issue II funds from the Ohio Public Works Commission during July 2001 and expects to receive a 20-year interest-free loan in the amount of \$40,000 from the State's Issue II Revolving Loan Program, of which payments on this loan would begin upon completion of the project. The remaining costs of the project will be defrayed by the Village. The Village does not anticipate any other debt as a result of this project to be entered into or any increase in monthly user charges to pay back the new debt subsequent to the balance sheet date.



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

Village of Uniopolis
Auglaize County
P.O. Box 67
Uniopolis, Ohio 45888

To the Village Council:

We have audited the financial statements of the Village of Uniopolis, Auglaize County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 9, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30206-01. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our 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. 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 do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 9, 2001.

Village of Uniopolis
Auglaize County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

May 9, 2001

**VILLAGE OF UNIOPOLIS
AUGLAIZE 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	2000-30206-01
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Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for villages may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-three percent of the transactions tested were not certified by the Village Clerk prior to making orders for the expenditure of Village funds. In addition, neither of the two exceptions above were utilized for these transactions.

Procedures should be implemented by the Village to help assure that all expenditures are properly certified. In addition the Clerk should review Auditor of State Bulletin 97-010 for further guidance regarding "then and now" certification.



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VILLAGE OF UNIOPOLIS

AUGLAIZE 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
JUNE 28, 2001**