



Mary Taylor, CPA
Auditor of State

VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

October 29, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Uniopolis, Auglaize County, (the Village), as of and for the years ended December 31, 2006 and 2005. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) fund separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005.

Also, 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 Village of Uniopolis, Auglaize County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

October 29, 2007

**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, 2006**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$5,387			\$5,387
Intergovernmental	73,544	\$13,837	\$17,000	104,381
Earnings on Investments	8,919	297		9,216
Miscellaneous	1,579			1,579
Total Cash Receipts	<u>89,429</u>	<u>14,134</u>	<u>17,000</u>	<u>120,563</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	23,541			23,541
Leisure Time Activities	4,140			4,140
Basic Utility Service	11,395			11,395
Transportation		2,053		2,053
General Government	39,125			39,125
Capital Outlay	29,525		17,000	46,525
Total Cash Disbursements	<u>107,726</u>	<u>2,053</u>	<u>17,000</u>	<u>126,779</u>
Total Receipts Over/(Under) Disbursements	(18,297)	12,081		(6,216)
Fund Cash Balances, January 1	<u>176,833</u>	<u>19,354</u>		<u>196,187</u>
Fund Cash Balances, December 31	<u><u>158,536</u></u>	<u><u>31,435</u></u>		<u><u>189,971</u></u>
Reserve for Encumbrances, December 31	<u><u>\$247</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$247</u></u>

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$31,107		\$31,107
Operating Cash Disbursements:			
Personal Services	4,561		4,561
Employee Fringe Benefits	599		599
Contractual Services	19,013	\$1,394	20,407
Supplies and Materials	1,675		1,675
Total Operating Cash Disbursements	<u>25,848</u>	<u>1,394</u>	<u>27,242</u>
Operating Income/(Loss)	5,259	(1,394)	3,865
Non-Operating Cash Receipts:			
Miscellaneous Receipts		1,394	1,394
Non-Operating Cash Disbursements:			
Redemption of Principal	(705)		(705)
Miscellaneous	(77)		(77)
Total Non-Operating Cash Disbursements	<u>(782)</u>		<u>(782)</u>
Net Receipts Over/(Under) Disbursements	4,477		4,477
Fund Cash Balances, January 1	<u>48,287</u>		<u>48,287</u>
Fund Cash Balances, December 31	<u>52,764</u>		<u>52,764</u>
Reserve for Encumbrances, December 31	<u>\$89</u>	<u>\$0</u>	<u>\$89</u>

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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$5,104		\$5,104
Intergovernmental	73,554	16,938	90,492
Earnings on Investments	5,864	152	6,016
Miscellaneous	834		834
Total Cash Receipts	<u>85,356</u>	<u>17,090</u>	<u>102,446</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	18,735	100	18,835
Leisure Time Activities	8,198		8,198
Basic Utility Service	14,642		14,642
Transportation		20,280	20,280
General Government	38,952	4,942	43,894
Total Cash Disbursements	<u>80,527</u>	<u>25,322</u>	<u>105,849</u>
Total Receipts Over/(Under) Disbursements	4,829	(8,232)	(3,403)
Fund Cash Balances, January 1	<u>172,004</u>	<u>27,586</u>	<u>199,590</u>
Fund Cash Balances, December 31	<u><u>\$176,833</u></u>	<u><u>\$19,354</u></u>	<u><u>\$196,187</u></u>

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 - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$25,931
Operating Cash Disbursements:	
Personal Services	4,650
Employee Fringe Benefits	647
Contractual Services	18,854
Supplies and Materials	<u>2,613</u>
Total Operating Cash Disbursements	<u>26,764</u>
Operating Income/(Loss)	(833)
Non-Operating Cash Disbursements:	
Redemption of Principal	<u>(705)</u>
Net Receipts Over/(Under) Disbursements	(1,538)
Fund Cash Balances, January 1	<u>49,825</u>
Fund Cash Balances, December 31	<u><u>\$48,287</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, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Uniopolis, Auglaize County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services. The Village contracts with the Uniopolis Volunteer Fire Department to receive fire protection and ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values its certificate of deposit 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources 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 and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Fund

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise funds). The Village had the following significant Capital Project Fund:

OPWC Fund – This fund records the benefit of payments made on behalf of the Village by the Ohio Public Works Commission for capital improvement projects.

4. Enterprise Funds

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the ambulance run receipts received from the Uniopolis Volunteer Fire Department and the disbursement of these receipts back to the Fire Department.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2006	2005
Demand deposits	\$212,735	\$214,474
Certificates of deposit	30,000	30,000
Total deposits	<u>\$242,735</u>	<u>\$244,474</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,946	\$89,429	\$483
Special Revenue	13,270	14,134	864
Capital Projects	17,000	17,000	0
Enterprise	31,500	31,107	(393)
Total	<u>\$150,716</u>	<u>\$151,670</u>	<u>\$954</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$260,251	\$107,973	\$152,278
Special Revenue	32,624	2,053	30,571
Capital Projects	17,000	17,000	0
Enterprise	72,000	26,719	45,281
Total	<u>\$381,875</u>	<u>\$153,745</u>	<u>\$228,130</u>

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,849	\$85,356	(\$1,493)
Special Revenue	11,530	17,090	5,560
Capital Projects	17,000	0	(17,000)
Enterprise	24,000	25,931	1,931
Total	\$139,379	\$128,377	(\$11,002)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$258,853	\$80,527	\$178,326
Special Revenue	39,116	25,322	13,794
Capital Projects	17,000	0	17,000
Enterprise	73,825	27,469	46,356
Total	\$388,794	\$133,318	\$255,476

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

5. DEBT

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$10,920	0%

The Ohio Public Works Commission loan was obtained for a sewer plant project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$352.29 over 20 years. The loan is uncollateralized. The debt will be repaid from sewer revenues.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2007	\$352
2008	705
2009	705
2010	705
2011	705
2012 – 2016	3,522
2017 - 2021	3,522
2022	704
Total	\$10,920

6. RETIREMENT SYSTEMS

A. Public Employees Retirement System

The Ohio Revised Code prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 percent and 8.5 percent, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 percent and 13.55 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

B. Social Security System

Effective July 1, 1991, all employees and officials not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of December 31, 2006, four elected officials have elected Social Security. The Village's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	\$6,290,528	\$5,470,791

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of 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, (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 29, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-001 and 2006-002 are also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated October 29, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-003.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated October 29, 2007.

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

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



Mary Taylor, CPA
Auditor of State

October 29, 2007

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND DECEMBER 31, 2005**

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

FINDING NUMBER 2006-001

Material Weaknesses - Coding of Financial Transactions

The Auditor of State of Ohio's office has issued the *Ohio Village Officers' Handbook*. This publication is available on the Auditor of State's website and a printed copy can be requested from the Auditor of State. An appendix in the Handbook documents receipt and expenditure codes and provides a brief explanation of what each code represents. This same information is made available to all users of the Auditor of State's UAN system of which the Village is a participating member.

During the course of the audit, nine transactions were identified as being misclassified either within the fund or between different funds. In addition, expenditures transactions were not consistently coded to the most descriptive fund-function-object code. The cumulative effect of the audit adjustments on fund balances for these miscoded transactions, by year, are as follows.

2006				
Fund	Original Balance	Aggregate Adjustment	Adjusted Balance	Percent Change
General	\$171,305	\$5,528	\$176,833	3.23%
Street Construction	8,708	189	8,897	2.17%
State Highway	5,216	(189)	5,027	-3.62%
FEMA	4,942	(4,942)		-100.00%
2005				
General	158,433	(5,425)	153,008	-3.42%
Street Construction	11,226	7,854	19,080	69.96%
State Highway	6,437	(237)	6,200	-3.68%
Permissive Tax	8,218	(2,121)	6,097	-25.81%
Sewer	52,841	(77)	52,764	-0.15%

Failure to properly code financial transactions increases the possibility of misstating fund balances on the financial statements.

The *Ohio Village Officers' Handbook* should be utilized when determining the receipt and expenditures codes to which Village financial transactions should be coded.

Officials' Response:

The officials chose not to respond to this comment.

FINDING NUMBER 2006-002

Material Weaknesses - Periodic Financial Statements

In order for Council to effectively monitor the financial condition of the Village, they should be presented with informative financial reports for review and approval. Council should review information regarding receipts, expenditures, balances, and budget versus actual comparisons. These reports should be generated from the Village's accounting system. There is no evidence that Council is periodically presented with financial reports that have been generated from the accounting system. The minutes contain approvals for accepting checks (i.e. receipts) and paying bills (i.e. expenditures) but there are no detailed lists attached to the minutes to support the amounts approved, nor are there references to where these amounts may be found.

The failure of Council to request and review periodic detail financial statements generated from the accounting system increases the risk of irregularities that may go undetected and also increases potential for non compliance with applicable laws, especially those regarding budgetary compliance.

Council should request that they be provided with periodic financial statements and such reports should document receipts, expenditures, balances, and budget versus actual comparisons. In addition, the Council, or an appointed sub-committee, should periodically validate selected transactions and/or amounts presented on these reports.

Officials' Response:

The officials chose not to respond to this comment.

FINDING NUMBER 2006-003

Noncompliance – Federal Remittances

26 U.S.C. Section 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under 26 U.S.C. 3402. In 2006, the Village failed to remit \$352.89 from Federal deductions withheld from employees'/officials' wages and the required Village's matching contributions. In addition, three of the four Federal 941 forms documenting the remittances could not be located for audit.

Failure to remit the employees'/officials' withheld federal deductions and the Village's matching contributions can result in the Village incurring the responsibility of paying the employees'/officials' required contributions and any penalties and interest imposed by the IRS.

This amount should be immediately remitted to the IRS, and Council should implement monitoring procedures to help assure that all Federal deductions are properly remitted and that the Federal 941 forms are prepared and maintained on file.

Officials' Response:

The amount due was remitted to the IRS on November 19, 2007, check number 10338.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 and 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Section 731.16 - Village Council did not approve contract change orders	Yes	No longer valid The Village did not enter into any contract(s) for the purchase of services and/or goods that exceeded the bidding threshold of \$25,000 during the current audit period.



Mary Taylor, CPA
Auditor of State

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
DECEMBER 18, 2007**