



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

Mary Taylor, CPA
Auditor of State

August 11, 2009

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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 the Village of Uniopolis, Auglaize County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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) funds 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 governments 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

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 the Village of Uniopolis, Auglaize County, as of December 31, 2008 and 2007, 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 August 11, 2009, 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

August 11, 2009

**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, 2008**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$5,993 | | \$5,993 |
| Intergovernmental | 91,013 | \$13,574 | 104,587 |
| Fines, Licenses and Permits | | 120 | 120 |
| Earnings on Investments | 6,088 | 195 | 6,283 |
| Miscellaneous | 4,439 | | 4,439 |
| Total Cash Receipts | <u>107,533</u> | <u>13,889</u> | <u>121,422</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 24,171 | | 24,171 |
| Leisure Time Activities | 11,752 | | 11,752 |
| Basic Utility Service | 4,964 | | 4,964 |
| Transportation | 14,680 | 17,902 | 32,582 |
| General Government | 46,933 | | 46,933 |
| Total Cash Disbursements | <u>102,500</u> | <u>17,902</u> | <u>120,402</u> |
| Total Receipts Over/(Under) Disbursements | <u>5,033</u> | <u>(4,013)</u> | <u>1,020</u> |
| Fund Cash Balances, January 1 | <u>168,819</u> | <u>32,306</u> | <u>201,125</u> |
| Fund Cash Balances, December 31 | <u>\$173,852</u> | <u>\$28,293</u> | <u>\$202,145</u> |
| Reserve for Encumbrances, December 31 | <u>\$1,768</u> | <u>\$0</u> | <u>\$1,768</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, 2008**

| | <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 | \$35,468 | | \$35,468 |
| Total Operating Cash Receipts | <u>35,468</u> | | <u>35,468</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 4,687 | | 4,687 |
| Employee Fringe Benefits | 667 | | 667 |
| Contractual Services | 17,865 | \$3,766 | 21,631 |
| Supplies and Materials | 3,410 | | 3,410 |
| Total Operating Cash Disbursements | <u>26,629</u> | <u>3,766</u> | <u>30,395</u> |
| Operating Income/(Loss) | <u>8,839</u> | <u>(3,766)</u> | <u>5,073</u> |
| Non-Operating Cash Receipts: | | | |
| Miscellaneous Receipts | | 3,766 | 3,766 |
| Total Non-Operating Cash Receipts | | <u>3,766</u> | <u>3,766</u> |
| Non-Operating Cash Disbursements: | | | |
| Redemption of Principal | 705 | | 705 |
| Total Non-Operating Cash Disbursements | <u>705</u> | | <u>705</u> |
| Net Receipts Over/(Under) Disbursements | 8,134 | | 8,134 |
| Fund Cash Balances, January 1 | <u>57,008</u> | | <u>57,008</u> |
| Fund Cash Balances, December 31 | <u>\$65,142</u> | <u>\$0</u> | <u>\$65,142</u> |
| Reserve for Encumbrances, December 31 | <u>\$835</u> | <u>\$0</u> | <u>\$835</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, 2007**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$4,969 | | \$4,969 |
| Intergovernmental | 73,307 | \$13,643 | 86,950 |
| Earnings on Investments | 9,088 | 229 | 9,317 |
| Miscellaneous | 5,413 | | 5,413 |
| Total Cash Receipts | <u>92,777</u> | <u>13,872</u> | <u>106,649</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 27,215 | | 27,215 |
| Leisure Time Activities | 4,224 | | 4,224 |
| Basic Utility Service | 4,551 | | 4,551 |
| Transportation | | 13,001 | 13,001 |
| General Government | 45,664 | | 45,664 |
| Total Cash Disbursements | <u>81,654</u> | <u>13,001</u> | <u>94,655</u> |
| Total Receipts Over/(Under) Disbursements | <u>11,123</u> | <u>871</u> | <u>11,994</u> |
| Other Financing Receipts: | | | |
| Other Financing Uses | (840) | | (840) |
| Total Other Financing Receipts / (Disbursements) | <u>(840)</u> | | <u>(840)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | 10,283 | 871 | 11,154 |
| Fund Cash Balances, January 1 | <u>158,536</u> | <u>31,435</u> | <u>189,971</u> |
| Fund Cash Balances, December 31 | <u>\$168,819</u> | <u>\$32,306</u> | <u>\$201,125</u> |
| Reserve for Encumbrances, December 31 | <u>\$4,334</u> | <u>\$2,294</u> | <u>\$6,628</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, 2007**

| | <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 | \$32,998 | | \$32,998 |
| Total Operating Cash Receipts | <u>32,998</u> | | <u>32,998</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 4,640 | | 4,640 |
| Employee Fringe Benefits | 955 | | 955 |
| Contractual Services | 18,753 | \$3,888 | 22,641 |
| Supplies and Materials | 3,701 | | 3,701 |
| Total Operating Cash Disbursements | <u>28,049</u> | <u>3,888</u> | <u>31,937</u> |
| Operating Income/(Loss) | <u>4,949</u> | <u>(3,888)</u> | <u>1,061</u> |
| Non-Operating Cash Receipts: | | | |
| Miscellaneous Receipts | | 3,888 | 3,888 |
| Total Non-Operating Cash Receipts | | <u>3,888</u> | <u>3,888</u> |
| Non-Operating Cash Disbursements: | | | |
| Redemption of Principal | 705 | | 705 |
| Total Non-Operating Cash Disbursements | <u>705</u> | | <u>705</u> |
| Net Receipts Over/(Under) Disbursements | 4,244 | | 4,244 |
| Fund Cash Balances, January 1 | <u>52,764</u> | | <u>52,764</u> |
| Fund Cash Balances, December 31 | <u>\$57,008</u> | <u>\$0</u> | <u>\$57,008</u> |
| Reserve for Encumbrances, December 31 | <u>\$13,056</u> | <u>\$0</u> | <u>\$13,056</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, 2008 AND 2007**

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 participates in the Ohio Government Risk Management Plan which is a public entity risk pool. Note 7 to the financial statements provides additional information on this entity.

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. Deposits 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 certificates 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 (other than from private-purpose 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, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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.

4. 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. 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 individual 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. Management has included an audit adjustment in the accompanying budgetary presentations for a material item that should have been encumbered.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| | 2008 | 2007 |
|-------------------------|-------------|-------------|
| Demand deposits | \$232,932 | \$224,756 |
| Certificates of deposit | 34,355 | 33,377 |
| Total deposits | \$267,287 | \$258,133 |

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$ 95,073 | \$107,533 | \$12,460 |
| Special Revenue | 13,820 | 13,889 | 69 |
| Enterprise | 32,000 | 35,468 | 3,468 |
| Total | \$140,893 | \$156,890 | \$15,997 |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|------------------------------------|-----------------------------------|-----------------|
| General | \$261,033 | \$104,268 | \$156,765 |
| Special Revenue | 46,392 | 17,902 | 28,490 |
| Enterprise | 88,250 | 28,169 | 60,081 |
| Total | \$395,675 | \$150,339 | \$245,336 |

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$ 91,343 | \$ 92,777 | \$1,434 |
| Special Revenue | 15,550 | 13,872 | (1,678) |
| Enterprise | 31,500 | 32,998 | 1,498 |
| Total | \$138,393 | \$139,647 | \$1,254 |

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|------------------------------------|-----------------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$244,280 | \$ 86,828 | \$157,452 |
| Special Revenue | 51,927 | 15,295 | 36,632 |
| Enterprise | 84,340 | 41,810 | 42,530 |
| Total | \$380,547 | \$143,933 | \$236,614 |

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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, 2008 was as follows:

| | Principal | Interest Rate |
|-----------------------------------|------------------|----------------------|
| Ohio Public Works Commission Loan | \$9,512 | 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 over 20 years. The loan is uncollateralized. The debt will be repaid from sewer revenues.

Amortization of the above debt is scheduled as follows:

| Year ending December 31: | OPWC Loan |
|---------------------------------|------------------|
| 2009 | \$ 705 |
| 2010 | 705 |
| 2011 | 705 |
| 2012 | 705 |
| 2013 | 705 |
| 2014-2018 | 3,523 |
| 2019-2022 | 2,818 |
| Total | \$9,864 |

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits

The Ohio Revised Code prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Village contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

B. Social Security System

Effective July 1, 1991, all employees and officials not otherwise covered by the Ohio Public Employees Retirement System have an option to choose Social Security or the Ohio Public Employees Retirement System. As of December 31, 2008, six elected officials have elected Social Security. The Village's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Risk Pool Membership

The Village 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.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except 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: 2007 and 2006 (the latest information available):

VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)

7. RISK MANAGEMENT (Continued)

| | <u>2007</u> | <u>2006</u> |
|-----------------|--------------------|--------------------|
| Assets | \$11,136,455 | \$9,620,148 |
| Liabilities | (4,273,553) | (3,329,620) |
| Members' Equity | <u>\$6,862,902</u> | <u>\$6,290,528</u> |

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, 2008 and 2007, and have issued our report thereon dated August 11, 2009, 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 Village 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 Village. 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Village's management in a separate letter dated August 11, 2009.

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 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 11, 2009.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

August 11, 2009

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision or taxing entity has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 subdivision or taxing entity.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account and not running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The subdivision or taxing entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for approximately 20% percent of the expenditures during 2008 and 2007. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

**FINDING NUMBER 2008-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Clerk/Treasurer should certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used. And for those commitments over the \$3,000 threshold, a resolution by Council is needed in order to pay.

The Village should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

OFFICIALS' RESPONSE:

There were new hires for the Fiscal Officer position in 2007 & 2008 which caused some errors to be made involving purchase order procedures. Proper training has now occurred.

**VILLAGE OF UNIOPOLIS
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2006-01 | Recording financial transactions in the correct funds and accounts | No | Significant improvement. Reported in a separate letter to management of the Village. |
| 2006-02 | Present financial reports to Village Council to monitor the financial position of the Village | Yes | |
| 2006-03 | 26 U.S.C. Section 3403 – Failure to remit federal payroll tax deductions and the related employer share | Yes | |



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
OCTOBER 8, 2009**