



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF DUPONT
PUTNAM COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Dupont
Putnam County
105 Liberty Street
PO Box 100
Dupont, Ohio 45837-0100

To the Village Council:

We have audited the accompanying financial statements of the Village of Dupont, Putnam County, Ohio, (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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 June 19, 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 our audits.

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

June 19, 2001

**VILLAGE OF DUPONT
PUTNAM 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>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,547			\$4,547
Intergovernmental Receipts	48,046	\$10,471	\$16,725	75,242
Charges for Services	695	750		1,445
Earnings on Investments	2,072	892		2,964
Miscellaneous	3,543			3,543
	<hr/>			
Total Cash Receipts	58,903	12,113	16,725	87,741
Cash Disbursements:				
Current:				
Security of Persons and Property	4,008			4,008
Public Health Services	62			62
Leisure Time Activities	1,198			1,198
Basic Utility Services	3,623			3,623
Transportation	1,364	3,314		4,678
General Government	22,748	36		22,784
Capital Outlay	4,614		16,725	21,339
	<hr/>			
Total Cash Disbursements	37,617	3,350	16,725	57,692
Total Receipts Over Disbursements	21,286	8,763		30,049
Fund Cash Balances, January 1	75,147	27,331	708	103,186
Fund Cash Balances, December 31	<u>\$96,433</u>	<u>\$36,094</u>	<u>\$708</u>	<u>\$133,235</u>
Reserves for Encumbrances, December 31	<u>\$5,212</u>	<u>\$1,300</u>		<u>\$6,512</u>

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

**VILLAGE OF DUPONT
PUTNAM 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:				
Property Tax and Other Local Taxes	\$4,278			\$4,278
Intergovernmental Receipts	36,974	\$9,419		46,393
Charges for Services	750	590		1,340
Earnings on Investments	2,180	638		2,818
Miscellaneous	3,513			3,513
Total Cash Receipts	<u>47,695</u>	<u>10,647</u>		<u>58,342</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,580			2,580
Public Health Services	43			43
Leisure Time Activities	868			868
Basic Utility Services	1,583			1,583
Transportation	1,776	1,915		3,691
General Government	18,603	48		18,651
Capital Outlay	14,570			14,570
Total Cash Disbursements	<u>40,023</u>	<u>1,963</u>		<u>41,986</u>
Total Receipts Over Disbursements	<u>7,672</u>	<u>8,684</u>		<u>16,356</u>
Other Financing Disbursements:				
Other Financing Uses	<u>(2)</u>			<u>(2)</u>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	7,670	8,684		16,354
Fund Cash Balances, January 1	<u>67,477</u>	<u>18,647</u>	<u>\$708</u>	<u>86,832</u>
Fund Cash Balances, December 31	<u>\$75,147</u>	<u>\$27,331</u>	<u>\$708</u>	<u>\$103,186</u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF DUPONT
PUTNAM 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 Dupont, Putnam 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 road maintenance and repair.

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

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF DUPONT
PUTNAM COUNTY**

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

CDBG Fund- This fund receives proceeds of Community Development Block Grant monies for sewer improvements within the Village.

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 in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash 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:

**VILLAGE OF DUPONT
PUTNAM COUNTY**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$82,030	\$61,981
Certificates of deposit	51,205	41,205
Total deposits	\$133,235	\$103,186

Deposits are either 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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,916	\$58,903	\$6,987
Special Revenue	10,158	12,113	1,955
Capital Projects		16,725	16,725
Total	\$62,074	\$87,741	\$25,667

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,314	\$42,829	\$82,485
Special Revenue	37,489	4,650	32,839
Capital Projects	708	16,725	(16,017)
Total	\$163,511	\$64,204	\$99,307

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,554	\$47,695	\$141
Special Revenue	9,857	10,647	790
Capital Projects			
Total	\$57,411	\$58,342	\$931

**VILLAGE OF DUPONT
PUTNAM COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,031	\$40,025	\$75,006
Special Revenue	28,504	1,963	26,541
Capital Projects	708		708
Total	\$144,243	\$41,988	\$102,255

4. COMPLIANCE

The Village Clerk did not always certify the availability of funds prior to the commitment being incurred, as required by Ohio Revised Code § 5705.41(D).

In 2000, the Village did not record \$16,725 of benefits received from CDBG funding as required by Ohio Revised Code § 5705.42. In addition, appropriations were not sufficient to cover these benefits as required by Ohio Revised Code § 5705.41(B).

5. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. RETIREMENT SYSTEMS

Public Employees Retirement System

Village's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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 PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF DUPONT
PUTNAM COUNTY**

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

Social Security

Effective July 1, 1991, all officials and employees not otherwise covered by PERS have an option to become a member of the Social Security System. As of December 31, 2000, one Village Council member has elected Social Security. Council's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Property and general liability;
- Automobile;
- Inland marine; and
- Public officials' liability.

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

Village of Dupont
Putnam County
105 Liberty Street
PO Box 100
Dupont, Ohio 45837-0100

To the Village Council:

We have audited the accompanying financial statements of the Village of Dupont, Putnam County, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 19, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30269-001 and 2000-30269-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 19, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 June 19, 2001.

Village of Dupont
Putnam 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 the audit committee, management and 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

June 19, 2001

VILLAGE OF DUPONT
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30269-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Eighty percent of the transactions tested were not certified by the Clerk/Treasurer prior to the commitment being incurred, nor were they certified using a then-and-now certification. This procedure is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements, it is recommended that all Village disbursements receive prior certification of the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Clerk/Treasurer and recorded against appropriations.

FINDING NUMBER 2000-30269-002

Noncompliance Citation

Ohio Revised Code § 5705.42 states when the United States government or the state or any department, division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purposes by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in the process of collection within the meaning of § 5705.41 of the Ohio Revised Code.

FINDING NUMBER 2000-30269-002
(Continued)

In 2000, the Village was the beneficiary of \$16,725, in Community Development Block Grant (CDBG) funding through Putnam County. This activity was not recorded on the ledgers of the Village. The accompanying financial statements were adjusted to reflect the amount in the Capital Projects Fund which caused expenditures to exceed appropriations in the Capital Projects Fund, Capital Outlay account by \$16,017 contrary to Ohio Revised Code § 5705.41(B), which requires all expenditures to be appropriated.

The Village should record all benefits received from CDBG funds as a memo receipt and expenditure on the Village's records. Council should approve a corresponding amendment to estimated receipts and appropriations for these benefits.

**VILLAGE OF DUPONT
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30269-001	ORC § 5705.42 not recording the benefit of Issue II monies spent on behalf of the Village	No	Finding repeated this audit #2000-30269-002



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VILLAGE OF DUPONT

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 5, 2001**