



**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 N. Fourth St.
Second Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 740-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Stoutsville
Fairfield County
P.O. Box 115
Stoutsville, Ohio 43154

To the Village Council:

We have audited the accompanying financial statements of the Village of Stoutsville, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Stoutsville, Fairfield County, Ohio as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 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 audit.

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

JIM PETRO
Auditor of State

July 3, 2001

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**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$16,077	\$4,338	20,415
Intergovernmental Receipts	24,097	21,876	45,973
Miscellaneous	2,734	0	2,734
	<u>42,908</u>	<u>26,214</u>	<u>69,122</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,820	3570	6,390
Public Health Services	2,840	0	2,840
Transportation	26,414	5586	32,000
General Government	7,791	0	7,791
Basic Utility Services	116	0	116
Debt Service	0	9746	9,746
	<u>39,981</u>	<u>18,902</u>	<u>58,883</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	2,927	7,312	10,239
Fund Cash Balances January 1, 2000	<u>30,792</u>	<u>19,641</u>	<u>50,433</u>
Fund Cash Balances, December 31, 2000	<u>\$33,719</u>	<u>\$26,953</u>	<u>\$60,672</u>

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

**VILLAGE OF STOUTSVILLE
FAIRFIELD 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$15,185	\$8,935	24,120
Intergovernmental Receipts	20,805	16,761	37,566
Miscellaneous	3,453	0	3,453
			0
Total Cash Receipts	<u>39,443</u>	<u>25,696</u>	<u>65,139</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,943	2,089	5,032
Public Health Services	626	0	626
Transportation	2,588	19,525	22,113
General Government	18,030	1,991	20,021
Debt Service	0	4,989	4,989
Total Disbursements	<u>24,187</u>	<u>28,594</u>	<u>52,781</u>
Total Receipts Over/(Under) Disbursements	15,256	(2,898)	12,358
Fund Cash Balances January 1, 1999	<u>15,536</u>	<u>22,539</u>	<u>38,075</u>
Fund Cash Balances, December 31, 1999	<u>\$30,792</u>	<u>\$19,641</u>	<u>\$50,433</u>

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

**VILLAGE OF STOUTSVILLE
FAIRFIELD 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 Stoutsville, Fairfield County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

Police Fund - This fund receives tax dollars used to provide police protection for the Village.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 and 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 canceled, and re-appropriated in the subsequent year.

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

E. 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:

	2000	1999
Demand Deposit	\$ 60,672	\$ 50,433

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,316	\$ 42,908	\$ 592
Special Revenue	28,300	26,214	(2,086)
Total	<u>\$ 70,616</u>	<u>\$ 69,122</u>	<u>\$ (1,494)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,037	\$ 39,981	\$ (8,944)
Special Revenue	26,474	18,902	7,572
Total	<u>\$ 57,511</u>	<u>\$ 58,883</u>	<u>\$ (1,372)</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,556	\$ 39,443	\$ 3,887
Special Revenue	22,800	25,696	2,896
Total	<u>\$ 58,356</u>	<u>\$ 65,139</u>	<u>\$ 6,783</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,037	\$ 24,187	\$ 6,850
Special Revenue	26,473	28,594	(2,121)
Total	<u>\$ 57,510</u>	<u>\$ 57,510</u>	<u>\$ 4,729</u>

The Village failed to certify several expenditures prior to making the purchase commitments as required by Ohio Rev. Code Section 5705.41(D).

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe lease	\$ 42,375	6%

On April 12, 2000, the Village entered into a lease/purchase agreement for a backhoe . The Village will pay semi-annual installments of \$4,898, including interest, for the next four years.

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% in 1999 and 10.84% in 2000, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK POOL MEMBERSHIP

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY

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

7. RISK POOL MEMBERSHIP (Continued)

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

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 N. Fourth St.
Second Floor
Columbus, Ohio 43215

Telephone 614-466-3402
800-443-9275

Facsimile 740-728-7199
www.auditor.state.oh.us

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

Village of Stoutsville
Fairfield County
P.O. Box 115
Stoutsville, Ohio 43154

To the Village Council:

We have audited the financial statements of the Village of Stoutsville, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 2000, and December 31, 1999, and have issued our report thereon dated July 3, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of finding as item 2000-30623-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 3, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 3, 2001.

This report is intended for the information and use of the 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

July 3, 2001

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2000-30623-001
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Fiscal Officer Certification

Ohio Rev. Code Section 5705.41(D) states, in part, 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. The amount so certified shall be recorded against the applicable appropriation account.

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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant 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 one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Township Trustees.

Of the expenditures tested 71% and 80% for fiscal year 2000 and 1999, respectively, were not certified prior to the purchase commitment. There was no evidence to suggest a "then and now" certificate was issued for these purchases, as permitted under paragraphs A and B, under this section.

We recommend the certification of expenditures prior to the acceptance of a purchase commitment. The Village should use the "then and now" certificate, as allowable under this section, for those exceptions.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF STOUTSVILLE

FAIRFIELD 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
AUGUST 28, 2001**