



**VILLAGE OF BOTKINS  
SHELBY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BOTKINS  
SHELBY COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Botkins  
Shelby County  
210 South Mill Street  
P.O. Box 190  
Botkins, Ohio 45306-0190

To the Village Mayor and Council:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 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 the 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

May 22, 2001

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$625,890					\$625,890
Special Assessments	3,988		\$78,075	\$7,584		89,647
Intergovernmental Receipts	112,366	\$62,450				174,816
Charges for Services	28,788					28,788
Fines, Licenses, and Permits	7,661	883				8,544
Earnings on Investments	35,451				\$621	36,072
Miscellaneous	34,825					34,825
<b>Total Cash Receipts</b>	<b>848,969</b>	<b>63,333</b>	<b>78,075</b>	<b>7,584</b>	<b>621</b>	<b>998,582</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	153,840	1,495				155,335
Public Health Services	3,928					3,928
Leisure Time Activities	32,236					32,236
Community Environment	536				965	1,501
Basic Utility Services	1,825					1,825
Transportation		57,649				57,649
General Government	230,451		3,718			234,169
Debt Service:						
Principal Payments			58,365			58,365
Interest Payments			15,730			15,730
Capital Outlay	74,845			202,027		276,872
<b>Total Disbursements</b>	<b>497,661</b>	<b>59,144</b>	<b>77,813</b>	<b>202,027</b>	<b>965</b>	<b>837,610</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>351,308</b>	<b>4,189</b>	<b>262</b>	<b>(194,443)</b>	<b>(344)</b>	<b>160,972</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In				239,400		239,400
Transfers-Out	(239,400)					(239,400)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(239,400)</b>			<b>239,400</b>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>111,908</b>	<b>4,189</b>	<b>262</b>	<b>44,957</b>	<b>(344)</b>	<b>160,972</b>
Fund Cash Balances January 1	137,679	53,513	1,826	204,378	10,063	407,459
<b>Fund Cash Balances, December 31</b>	<b>\$249,587</b>	<b>\$57,702</b>	<b>\$2,088</b>	<b>\$249,335</b>	<b>\$9,719</b>	<b>\$568,431</b>

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

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>(Memorandum Only)</b>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$190,301		\$190,301
Fines and Fees		\$866	866
	190,301	866	191,167
<b>Operating Cash Disbursements:</b>			
Personal Services	48,936		48,936
Contractual Services	27,621		27,621
Supplies and Materials	68,678		68,678
Miscellaneous		1,614	1,614
Capital Outlay	25,353		25,353
	170,588	1,614	172,202
Operating Income/(Loss)	19,713	(748)	18,965
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	3,000		3,000
Net Receipts Over/(Under) Disbursements	22,713	(748)	21,965
Fund Cash Balances, January 1	160,665	788	161,453
<b>Fund Cash Balances, December 31</b>	<b>\$183,378</b>	<b>\$40</b>	<b>\$183,418</b>



**VILLAGE OF BOTKINS  
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$583,819					\$583,819
Special Assessments	4,110		\$81,378	\$7,933		93,421
Intergovernmental Receipts	87,829	\$59,147				146,976
Charges for Services	27,400					27,400
Fines, Licenses, and Permits	8,198					8,198
Earnings on Investments	37,370	1,053			\$457	38,880
Miscellaneous	28,753					28,753
<b>Total Cash Receipts</b>	<u>777,479</u>	<u>60,200</u>	<u>81,378</u>	<u>7,933</u>	<u>457</u>	<u>927,447</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	149,043	1,183				150,226
Public Health Services	3,748					3,748
Leisure Time Activities	16,202	10,000				26,202
Community Environment	782				388	1,170
Basic Utility Services	2,131					2,131
Transportation		51,479				51,479
General Government	224,182		3,875			228,057
Debt Service:						
Principal Payments			178,632			178,632
Interest Payments			31,607			31,607
Capital Outlay	462,948			184,110		647,058
<b>Total Disbursements</b>	<u>859,036</u>	<u>62,662</u>	<u>214,114</u>	<u>184,110</u>	<u>388</u>	<u>1,320,310</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(81,557)</u>	<u>(2,462)</u>	<u>(132,736)</u>	<u>(176,177)</u>	<u>69</u>	<u>(392,863)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Fixed Assets				252		252
Transfers-In	15,617			235,800		251,417
Transfers-Out	(235,800)		(15,617)			(251,417)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(220,183)</u>		<u>(15,617)</u>	<u>236,052</u>		<u>252</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(301,740)</u>	<u>(2,462)</u>	<u>(148,353)</u>	<u>59,875</u>	<u>69</u>	<u>(392,611)</u>
<b>Fund Cash Balances January 1</b>	<u>439,419</u>	<u>55,975</u>	<u>150,179</u>	<u>144,503</u>	<u>9,994</u>	<u>800,070</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$137,679</b></u>	<u><b>\$53,513</b></u>	<u><b>\$1,826</b></u>	<u><b>\$204,378</b></u>	<u><b>\$10,063</b></u>	<u><b>\$407,459</b></u>

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

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$193,565		\$193,565
Fines and Fees		\$12,203	12,203
	<u>193,565</u>	<u>12,203</u>	<u>205,768</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	49,762		49,762
Contractual Services	29,598		29,598
Supplies and Materials	61,420		61,420
Miscellaneous		12,286	12,286
Capital Outlay	12,858		12,858
	<u>153,638</u>	<u>12,286</u>	<u>165,924</u>
Operating Income/(Loss)	<u>39,927</u>	<u>(83)</u>	<u>39,844</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<u>11,250</u>		<u>11,250</u>
Net Receipts Over/(Under) Disbursements	51,177	(83)	51,094
Fund Cash Balances, January 1	<u>109,488</u>	<u>871</u>	<u>110,359</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$160,665</u></u></b>	<b><u><u>\$788</u></u></b>	<b><u><u>\$161,453</u></u></b>

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

**VILLAGE OF BOTKINS  
SHELBY 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 Botkins, Shelby 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, park operations (leisure time activities), and police services.

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.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

**State Highway Improvement Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**Enforcement and Education Fund** - This fund receives fines from court proceedings. The revenue is used for law enforcement activities.

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

**Special Assessment Bond Fund** -This bond fund was established to provide for the construction of water and sewer lines. This fund receives assessments against property owners.

**4. 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 funds:

**Capital Improvement Fund** - This fund receives proceeds from the income tax levy. The proceeds are being used for capital projects and improvements and purchase of new equipment.

**5. Enterprise Funds**

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

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

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

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Library Fund** - This expendable trust fund receives donations to be used for the Village of Botkins Library.

**Mayor's Court Fund** - This agency fund records the financial activity of the Village's Mayor's Court.

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$191,849	\$108,912
Certificates of deposit	<u>560,000</u>	<u>460,000</u>
Total deposits	<u>\$751,849</u>	<u>\$568,912</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) 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	\$ 620,272	\$ 848,969	\$ 228,697
Special Revenue	58,670	63,333	4,663
Debt Service	78,000	78,075	75
Capital Projects	204,750	246,984	42,234
Enterprise	160,000	193,301	33,301
Fiduciary	<u>400</u>	<u>621</u>	<u>221</u>
Total	<u>\$ 1,122,092</u>	<u>\$ 1,431,283</u>	<u>\$ 309,191</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 757,950	\$ 737,061	\$ 20,889
Special Revenue	112,182	59,144	53,038
Debt Service	79,826	77,813	2,013
Capital Projects	409,128	202,027	207,101
Enterprise	320,665	170,588	150,077
Fiduciary	<u>10,462</u>	<u>965</u>	<u>9,497</u>
Total	<u>\$ 1,690,213</u>	<u>\$ 1,247,598</u>	<u>\$ 442,615</u>

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 689,012	\$ 793,096	\$ 104,084
Special Revenue	55,602	60,200	4,598
Debt Service	81,200	81,378	178
Capital Projects	204,750	243,985	39,235
Enterprise	158,000	204,815	46,815
Fiduciary	400	457	57
Total	<u>\$ 1,188,964</u>	<u>\$ 1,383,931</u>	<u>\$ 194,967</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,177,669	\$ 1,094,836	\$ 82,833
Special Revenue	111,574	62,662	48,912
Debt Service	231,379	229,731	1,648
Capital Projects	349,253	184,110	165,143
Enterprise	267,487	153,638	113,849
Fiduciary	10,393	388	10,005
Total	<u>\$ 2,147,755</u>	<u>\$ 1,725,365</u>	<u>\$ 422,390</u>

The Village was in violation of Ohio Rev. Code Section 5705.41(D), since certain disbursement transactions the funds were not certified as available prior to incurring the obligation.

**4. PROPERTY TAX**

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

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

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.

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Special Assessment Bonds	\$ 233,461	5%

Special assessment bonds consist of water and sewer improvement issues. These bonds are direct obligations of the Village of Botkins and its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the Village. The bonds are being repaid with assessments against the benefitting property owners.

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

Year ending December 31:	Special Assessment Bonds
2001	\$ 70,949
2002	67,803
2003	64,657
2004	61,511
Total	\$ 264,920

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Village has paid all contributions required through December 31, 2000.



**VILLAGE OF BOTKINS  
SHELBY COUNTY**

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

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials and law enforcement liability
- Vehicles
- Public entity crime coverage

The Village also provides health insurance coverage to full-time employees through a private carrier.

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

Village of Botkins  
Shelby County  
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Botkins, Ohio 45306-0190

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Botkins, Shelby County, (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 2000-30375-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 22, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 22, 2001.

Village of Botkins  
Shelby 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 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

May 22, 2001

**VILLAGE OF BOTKINS  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-30375-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Forty two percent of the disbursement transactions for 1999 and sixty three percent of the disbursement transactions for 2000 were not certified prior to the incurring the obligation and the exception was not utilized. The failure to certify the availability of fund prior to incurring the obligation could result in negative fund balances and/or deficit spending by the Village.

The Village should develop polices to improve compliance with the certification requirement.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF BOTKINS**

**SHELBY 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 3, 2001**