



**VILLAGE OF SCIO  
HARRISON COUNTY**

**REGULAR AUDIT**

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



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

---

**STATE OF OHIO**



VILLAGE OF SCIO  
HARRISON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Funds – For the Year Ended December 31, 2000 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15

**This page intentionally left blank.**



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

Voinovich Government Center  
242 Federal Plaza West, Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Scio  
Harrison County  
306 East Main Street  
P. O. Box 307  
Scio, Ohio 43988

To the Village Council:

We have audited the accompanying financial statements of the Village of Scio, Harrison 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 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 of Scio 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 1, 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 and 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 1, 2001

**This page intentionally left blank.**

**VILLAGE OF SCIO  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$27,593	\$6,272	\$42,620	\$76,485
Intergovernmental Receipts	33,596	56,667		90,263
Charges for Services		110		110
Fines, Licenses, and Permits	15			15
Miscellaneous	16,046	1,306		17,352
<b>Total Cash Receipts</b>	<u>77,250</u>	<u>64,355</u>	<u>42,620</u>	<u>184,225</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	36,829	1,188		38,017
Public Health Services	319			319
Leisure Time Activities		32,996		32,996
Basic Utility Services	5,597			5,597
Transportation		38,491		38,491
General Government	56,520	178	16,507	73,205
Debt Service:				
Debt Payments		2,706		2,706
<b>Total Cash Disbursements</b>	<u>99,265</u>	<u>75,559</u>	<u>16,507</u>	<u>191,331</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(22,015)</u>	<u>(11,204)</u>	<u>26,113</u>	<u>(7,106)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Bonds or Notes		13,318		13,318
Transfers-In	8,943			8,943
Transfers-Out	(10,000)	(797)	(10,362)	(21,159)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,057)</u>	<u>12,521</u>	<u>(10,362)</u>	<u>1,102</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(23,072)</u>	<u>1,317</u>	<u>15,751</u>	<u>(6,004)</u>
<b>Fund Cash Balances January 1</b>	<u>76,196</u>	<u>34,918</u>	<u>25,326</u>	<u>136,440</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$53,124</u></u>	<u><u>\$36,235</u></u>	<u><u>\$41,077</u></u>	<u><u>\$130,436</u></u>

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

**VILLAGE OF SCIO  
HARRISON COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$154,242
Total Operating Cash Receipts	154,242
<b>Operating Cash Disbursements:</b>	
Personal Services	52,725
Fringe Benefits	491
Contractual Services	42,735
Supplies and Materials	39,694
Total Operating Cash Disbursements	135,645
Operating Income/(Loss)	18,597
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	727
Total Non-Operating Cash Receipts	727
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	16,812
Other Non-Operating Cash Disbursements	50
Total Non-Operating Cash Disbursements	16,862
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	2,462
Transfers-In	12,216
Net Receipts Over/(Under) Disbursements	14,678
Fund Cash Balances, January 1	58,904
<b>Fund Cash Balances, December 31</b>	<b>\$73,582</b>

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



**VILLAGE OF SCIO  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$26,201	\$6,195		\$45,227	\$77,623
Intergovernmental Receipts	22,750	26,871	\$117,486		167,107
Charges for Services		90			90
Fines, Licenses, and Permits	10,369				10,369
Miscellaneous	4,160	1,444		9	5,613
	<u>63,480</u>	<u>34,600</u>	<u>117,486</u>	<u>45,236</u>	<u>260,802</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	33,130	3,660			36,790
Public Health Services	319				319
Leisure Time Activities		1,880			1,880
Basic Utility Services	4,287	1,507			5,794
Transportation		22,216			22,216
General Government	53,658	1,585		7,316	62,559
Debt Service:					
Debt Payments	91	1,589		645	2,325
Capital Outlay		9,520	117,486	19,158	146,164
	<u>91,485</u>	<u>41,957</u>	<u>117,486</u>	<u>27,119</u>	<u>278,047</u>
Total Receipts Over/(Under) Disbursements	<u>(28,005)</u>	<u>(7,357)</u>		<u>18,117</u>	<u>(17,245)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Bonds or Notes		9,700			9,700
Transfers-In	7,871				7,871
Transfers-Out				(9,178)	(9,178)
Other Financing Receipts/(Disbursements)	(107)				(107)
	<u>7,764</u>	<u>9,700</u>		<u>(9,178)</u>	<u>8,286</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,241)	2,343		8,939	(8,959)
Fund Cash Balances January 1	96,437	32,575		16,387	145,399
<b>Fund Cash Balances, December 31</b>	<b><u>\$76,196</u></b>	<b><u>\$34,918</u></b>		<b><u>\$25,326</u></b>	<b><u>\$136,440</u></b>

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

**VILLAGE OF SCIO  
HARRISON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$149,019		\$149,019
Total Operating Cash Receipts	149,019		149,019
<b>Operating Cash Disbursements:</b>			
Personal Services	43,409		43,409
Travel Transportation	591		591
Contractual Services	46,105		46,105
Supplies and Materials	49,668		49,668
Total Operating Cash Disbursements	139,773		139,773
Operating Income/(Loss)	9,246		9,246
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	8,882		8,882
Mayor's Court Receipts		3,994	3,994
Total Non-Operating Cash Receipts	8,882	3,994	12,876
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	18,689		18,689
Payments to Village		1,120	1,120
Payments to State		2,857	2,857
Other Non-Operating Cash Disbursements	150	17	167
Total Non-Operating Cash Disbursements	18,839	3,994	22,833
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(711)		(711)
Transfers-In	1,307		1,307
Net Receipts Over/(Under) Disbursements	596		596
Fund Cash Balances, January 1	58,308		58,308
<b>Fund Cash Balances, December 31</b>	<b>\$58,904</b>		<b>\$58,904</b>

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

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Scio, Harrison 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 contracts with a volunteer fire department for fire protection within the Village.

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 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.

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

(Continued)

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

*Police Levy Fund* - This fund receives local tax levy money for police protection.

**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:

*Issue II Fund* - This fund received monies from the Ohio Public Works Commission to be used for street repairs.

**4. 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.

**5. 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 Fund:

*Income Tax Fund* - This fund receives money collected for Village Income Tax (1%).

**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 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.

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

(Continued)

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

**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.

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**

The Village maintains a cash 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	\$ 154,440	\$ 148,218
Certificates of deposit	<u>49,578</u>	<u>47,126</u>
Total deposits	<u>\$ 204,018</u>	<u>\$ 195,344</u>

**Deposits:** 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 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,695	\$ 86,193	\$ (42,502)
Special Revenue	37,544	77,673	40,129
Enterprise	163,300	167,185	3,885
Fiduciary	<u>45,000</u>	<u>42,620</u>	<u>(2,380)</u>
Total	<u>\$ 374,539</u>	<u>\$ 373,671</u>	<u>\$ (868)</u>

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

(Continued)

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 198,600	\$ 109,265	\$ 89,335
Special Revenue	77,282	76,356	926
Enterprise	180,098	152,507	27,591
Fiduciary	83,154	26,869	56,285
Total	<u>\$ 539,134</u>	<u>\$ 364,997</u>	<u>\$ 174,137</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 122,777	\$ 71,351	\$ (51,426)
Special Revenue	33,713	44,300	10,587
Capital Project	0	117,486	117,486
Enterprise	153,219	159,208	5,989
Fiduciary	44,466	45,236	770
Total	<u>\$ 354,175</u>	<u>\$ 437,581</u>	<u>\$ 83,406</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 147,817	\$ 91,592	\$ 56,225
Special Revenue	46,744	41,957	4,787
Capital Project	0	117,486	(117,486)
Enterprise	212,300	158,612	53,688
Fiduciary	41,500	36,297	5,203
Total	<u>\$ 448,361</u>	<u>\$ 445,944</u>	<u>\$ 2,417</u>

**Ohio Revised Code Section 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceeded the amount certified as available by the budget commission in the Special Revenue Fund Type by 64% and in the Expendable Trust Fund Type by 44% during 2000.

**Ohio Revised Code Section 5705.36** allows all subdivisions to request a reduced amended certificate of estimated resources upon the determination by the fiscal officer that revenue to be collected will be less than the amount on the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

In the General Fund, actual resources were 34% less than the estimated resources in 2000 and 42% less than estimated resources in 1999. The amount of the deficiency reduced the available resources below the level of appropriations in fiscal year 2000.

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 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>
Ohio Public Works	\$ 32,120	0%
Cruiser Loan	6,878	5.11%
Street Truck Loan	13,318	5.90%
Ohio Water Development Authority - #6017	18,118	6.04%
Ohio Water Development Authority - #8060	56,045	6.32%
Lift Station Loan	<u>30,000</u>	5.50%
Total	<u>\$ 156,479</u>	

The Ohio Public Works (OPW) loan was used by the water and sewer department for various improvement projects. This loan was issued on November 1, 1999 for \$34,724 and is due on July 1, 2019. The loan will be repaid in semiannual installments of \$868.

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion projects which were mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments. OWDA #6017 loan was issued on February 29, 1996 for \$25,000 and is due on January 1, 2007. OWDA #8060 loan was issued on January 13, 1997 for \$60,000 and is due on January 1, 2022.

The loans from the Ohio Public Works and Ohio Water Development Authority are collateralized by water and sewer collections. The Village has agreed to set utility rates sufficient to cover repayment requirements.

The Cruiser Loan was used to purchase a new police cruiser. This loan was issued on October 4, 1999 for \$9,700 and is due on October 4, 2003. The loan will be paid in monthly installments of \$224.

The Street Truck loan was used to purchase a truck for the Street Department. This loan was issued on September 15, 2000 for \$13,318 and is due on September 15, 2003. It will be paid in 6 semiannual installments of \$2,454.

**VILLAGE OF SCIO  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

(Continued)

**5. DEBT (Continued)**

The Lift Station loan was used to replace the Village lift station. It will be repaid in quarterly payments of \$1,250 plus interest. This loan was issued on November 15, 1996 for \$50,000 and is due on December 31, 2001.

The loans for the cruiser, the street truck and the lift station are collateralized by the full faith and credit of the Village.

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

Year ending December 31:	OPW	Cruiser	Street Truck	OWDA 6017	OWDA 8060	Lift Station
2001	\$ 1,736	\$ 2,686	\$ 4,909	\$ 3,411	\$ 4,837	\$ 6,547
2002	1,736	2,686	4,909	3,411	4,837	25,344
2003	1,736	2,015	4,909	3,411	4,837	0
2004	1,736	0	0	3,411	4,837	0
2005	1,736	0	0	3,411	4,837	0
Subsequent	<u>23,440</u>	<u>0</u>	<u>0</u>	<u>3,194</u>	<u>47,828</u>	<u>0</u>
Total	<u>\$ 32,120</u>	<u>\$ 7,387</u>	<u>\$ 14,727</u>	<u>\$ 20,249</u>	<u>\$ 72,013</u>	<u>\$ 31,891</u>

**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 during 1999 and 10.84% during 2000. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions





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

Voinovich Government Center  
242 Federal Plaza West, Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

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

Village of Scio  
Harrison County  
306 East Main Street  
P. O. Box 307  
Scio, Ohio 43988

To the Village Council:

We have audited the accompanying financial statements of the Village of Scio, Harrison County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 1, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2000-31234-001 and 2000-31234-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 1, 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-3124-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 1, 2001.

Village of Scio  
Harrison 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 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 1, 2001

VILLAGE OF SCIO  
HARRISON 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 2000-31234-001

**Ohio Revised Code § 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceeded the amount certified as available by the budget commission in the Special Revenue Fund Type by 64% and in the Expendable Trust Fund Type by 44% during 2000.

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Village should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce the appropriations.

FINDING NUMBER 2000-31234-002

**Ohio Revised Code § 5705.36** allows all subdivisions to request a reduced amended certificate of estimated resources upon the determination by the fiscal officer that revenue to be collected will be less than the amount on the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

In the General Fund, actual resources were 34% less than the estimated resources in 2000 and 42% less than estimated resources in 1999. The amount of the deficiency reduced the available resources below the level of appropriations in fiscal year 2000.

Failure to amend certificates of estimated resources to more accurately reflect actual revenue could result in overspending and negative cash balances if revenue is likely to fall short of estimates. The Village should consistently compare actual revenue to estimated revenue and obtain the amended certificates as necessary.

FINDING NUMBER 2000-31234-003

**Coding of Receipts and Expenditures**

The Village Clerk is responsible for posting receipts and expenditures to the ledgers. The Village Clerk did not always code and classify receipts and expenditures following a uniform chart of accounts. As a result errors occurred including misclassifications of tax revenue, intergovernmental revenue, transfers and advances, debt payments, capital outlay expenditures and auditor and treasurer fees during 2000 and 1999. The Village Clerk has posted the adjustments to the ledgers and these reclassified amounts are reflected in the accompanying financial statements.

Failure to adopt and consistently follow a uniform chart of accounts increases the possibility for errors in the financial statements. The Village should review the chart of accounts suggested in Ohio Administrative Code Section 117-9-01. Receipts and expenditures should be properly coded and classified according to the Village's adopted chart of accounts to help ensure financial activity of the Village is correctly posted and reported.





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 SCIO**  
**HARRISON 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  
JUNE 28, 2001**