



**VILLAGE OF SCOTT
VAN WERT COUNTY/PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDING DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SCOTT
VAN WERT AND PAULDING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Scott
Van Wert County and Paulding County
PO Box 111
Scott, OH 45886

To the Village Council:

We have audited the accompanying financial statements of the Village of Scott, Van Wert County, and Paulding 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 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 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 accounting principles generally accepted in the United States of America.

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 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 June 4, 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 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 4, 2001

**VILLAGE OF SCOTT
VAN WERT AND PAULDING 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$8,265	\$3,385			\$11,650
Intergovernmental Receipts	32,934	15,862			48,796
Charges for Services		25,488			25,488
Fines, Licenses, and Permits	150				150
Miscellaneous	2,271	4,347			6,618
	<u>43,620</u>	<u>49,082</u>			<u>92,702</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	7,769	32,555			40,324
Public Health Services	731				731
Leisure Time Activities		289			289
Community Environment	70				70
Transportation		7,030			7,030
General Government	15,158	120			15,278
Debt Service:					
Principal Payments			8,225		8,225
Interest Payments			2,025		2,025
Capital Outlay		3,558			3,558
	<u>23,728</u>	<u>43,552</u>	<u>10,250</u>		<u>77,530</u>
Total Disbursements					
Total Receipts Over/(Under) Disbursements	<u>19,892</u>	<u>5,530</u>	<u>(10,250)</u>		<u>15,172</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		500	10,250		10,750
Transfers-Out	(500)	(10,250)			(10,750)
	<u>(500)</u>	<u>(9,750)</u>	<u>10,250</u>		<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>19,392</u>	<u>(4,220)</u>			<u>15,172</u>
Fund Cash Balances January 1	<u>22,015</u>	<u>68,301</u>	<u>0</u>	<u>537</u>	<u>90,853</u>
Fund Cash Balances, December 31	<u>\$41,407</u>	<u>\$64,081</u>	<u>\$0</u>	<u>\$537</u>	<u>\$106,025</u>

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

**VILLAGE OF SCOTT
VAN WERT AND PAULDING 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$8,201	\$3,063			\$11,264
Intergovernmental Receipts	35,659	18,311			53,970
Charges for Services		34,635			34,635
Fines, Licenses, and Permits	90				90
Miscellaneous	192	8,281			8,473
Total Cash Receipts	<u>44,142</u>	<u>64,290</u>			<u>108,432</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	7,837	33,838			41,675
Public Health Services	747				747
Leisure Time Activities		298			298
Community Environment	70				70
Transportation		6,611			6,611
General Government	18,613	104			18,717
Debt Service:					
Principal Payments			7,643		7,643
Interest Payments			2,607		2,607
Capital Outlay		3,646		517	4,163
Total Disbursements	<u>27,267</u>	<u>44,497</u>	<u>10,250</u>	<u>517</u>	<u>82,531</u>
Total Receipts Over/(Under) Disbursements	<u>16,875</u>	<u>19,793</u>	<u>(10,250)</u>	<u>(517)</u>	<u>25,901</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		500	10,250	1,000	11,750
Transfers-Out	(1,500)	(10,250)			(11,750)
Total Other Financing Receipts/(Disbursements)	<u>(1,500)</u>	<u>(9,750)</u>	<u>10,250</u>	<u>1,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,375	10,043	0	483	25,901
Fund Cash Balances January 1	<u>6,640</u>	<u>58,258</u>	<u>0</u>	<u>54</u>	<u>64,952</u>
Fund Cash Balances, December 31	<u>\$22,015</u>	<u>\$68,301</u>	<u>\$0</u>	<u>\$537</u>	<u>\$90,853</u>

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

**VILLAGE OF SCOTT
VAN WERT AND PAULDING 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 Scott, Van Wert County and Paulding 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 street lighting and street maintenance and repair, park operations (leisure time activities), and police services and fire 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

Fire Levy Fund - This fund receives tax levy monies and charges for services to provide fire protection to the Village and other area Townships and Villages.

EMS Fund - This fund receives grant monies, charges for services, and donations to provide emergency medical services to the Village and other area Townships and Villages.

**VILLAGE OF SCOTT
VAN WERT AND PAULDING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (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:

Debt Service Fund - This Fund receives a transfer of monies from the Fire Fund and is used for a lease-to-own payment on a fire truck.

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 fund:

ODNR Grant Fund - This fund receives grant monies to be used for the development of a walking and biking path.

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. 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.

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.

**VILLAGE OF SCOTT
VAN WERT AND PAULDING 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	\$ 53,158	\$ 90,853
Total deposits	<u>53,158</u>	<u>90,853</u>
STAR Ohio	<u>52,867</u>	<u> </u>
Total investments	<u>52,867</u>	<u>0</u>
Total deposits and investments	<u>\$ 106,025</u>	<u>\$ 90,853</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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	\$ 0	\$ 43,620	\$ 43,620
Special Revenue	0	49,582	49,582
Debt Service	0	10,250	10,250
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 103,452</u>	<u>\$ 103,452</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 44,619	\$ 24,228	\$ 20,391
Special Revenue	96,800	53,802	42,998
Debt Service	10,250	10,250	0
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 151,669</u>	<u>\$ 88,280</u>	<u>\$ 63,389</u>

**VILLAGE OF SCOTT
VAN WERT AND PAULDING 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	\$ 37,940	\$ 44,142	\$ 6,202
Special Revenue	53,900	64,790	10,890
Debt Service	10,250	10,250	0
Capital Projects	57,000	1,000	(56,000)
Total	\$ 159,090	\$ 120,182	\$ (38,908)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 44,579	\$ 28,767	\$ 15,812
Special Revenue	106,829	54,747	52,082
Debt Service	10,250	10,250	0
Capital Projects	57,000	517	56,483
Total	\$ 218,658	\$ 94,281	\$ 124,377

During 2000, all fund appropriations exceeded estimated resources. The Village failed to file the certification of available balances, file the appropriations, and obtain a certificate of estimated resources. During 1999, the Village did not file the certification of available balances or obtain a certificate of estimated resources until August 26, 1999.

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.

**VILLAGE OF SCOTT
VAN WERT AND PAULDING COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>
Banc One Loan	\$ 20,500
Total	\$ 20,500

The Village entered into this lease purchase agreement during 1992 with Banc One for the purchase of a fire truck. At the end of the lease, the Village will own the fire truck.

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

<u>Year ending December 31:</u>	<u>Banc One Lease</u>
2001	\$ 10,250
2002	10,250
Total	\$ 20,500

6. RETIREMENT SYSTEMS

The Village's elected officials and employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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, members of PERS 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.

7. RISK MANAGEMENT

The Village is a member of Ohio Governmental Risk Management Authority which provides coverage for the following risks:

- Buildings
- Liability
- Wrongful Acts
- Law Enforcement
- Automobile
- Inland Marine
- Fire Vehicles
- EDP Equipment

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

Village of Scott
Van Wert County and Paulding County
PO Box 111
Scott, OH 45886

To the Village Council:

We have audited the accompanying financial statements of the Village of Scott, Van Wert County and Paulding County, (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 4, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, and contracts, noncompliance with which could have a direct and material effect on 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 findings as item 2000-30281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 4, 2001.

Village of Scott
Van Wert County and Paulding 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 4, 2001

VILLAGE OF SCOTT
VAN WERT AND PAULDING 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 2000-30281-001

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Village did not file a certificate of available balances, obtain a certificate of estimated revenue, or file an appropriation resolution with the County for 2000, therefore the Village did not receive a certificate from the county auditor. As a result, all appropriations adopted exceeded the estimated resources for all funds.

During 1999, the Village filed their appropriation resolution, the certificate of available balances, and amended certificate of estimated resources on August 26, 1999. Therefore, the certificate from the county auditor was not dated until August 26, 1999, and the appropriation resolution passed in January, 1999 was not effective until August, 1999.

The Village should file and obtain the appropriate certificates from the County Auditor.

**VILLAGE OF SCOTT
VAN WERT AND PAULDING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Correct; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-30281-001	Finding for Recovery against the Council Members in the amount of \$215.	No	The Clerk and Council members feel that they only receive a minimal amount of \$35. Therefore, the finding for recovery has not been repaid.
1998-30281-002	Ohio Rev. Code Section 5705.39	No	See 2000-30281-001
1998-30281-003	Ohio Rev. Code Section 121.22(C)	No	This non-compliance issue was partially corrected; therefore, it will be repeated as a management letter citation.
1998-30281-004	Year 2000 Compliance	N/A	The Year 2000 Compliance finding is no longer valid at 12/31/00.



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VILLAGE OF SCOTT

VAN WERT 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 10, 2001**