



**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

FINAL AUDIT

FOR THE PERIOD ENDED MAY 23, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Van Wert County/City Swimming Pool
Van Wert County
121 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners and City Council:

We were engaged to audit the accompanying financial statements of Van Wert County/City Swimming Pool, Van Wert County, Ohio, (the Pool) as of and for the period ending May 23, 2000. These financial statements are the responsibility of the Pool's management.

The Pool was not able to present records to support daily pool admissions, concession and season ticket sales. Also, the Pool did not provide records for payroll disbursements or non payroll disbursements. The Pool's records do not permit the application of other auditing procedures for receipts, disbursements, or fund balances.

As discussed in Note 1 to the financial statements, the Pool 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.

Since the Pool did not provide sufficient evidence to support receipts and disbursements, we were not able to apply alternative auditing procedures to satisfy ourselves as to the receipts and disbursements, or beginning and ending fund balances during the period ended May 23, 2000. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

As disclosed in Note 5, the Pool ceased to exist as a separate reporting entity on May 23, 2000.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2001 on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the County Commissioners, City 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 anyone other than these specified parties.

Jim Petro
Auditor of State

July 18, 2001

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VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - ENTERPRISE FUND TYPE -
FOR THE PERIOD ENDED MAY 23, 2000

	Enterprise
Operating cash receipts:	
Charges for services	\$32,265
Interest	4
	32,269
Total operating cash receipts	32,269
Operating cash disbursements:	
Personal services	15,851
Contractual services	5,914
Supplies and materials	13,600
Maintenance and Repair	3,918
Capital outlay	4,473
Miscellaneous	459
Unclassifiable Expenditures	3,220
	47,435
Total operating cash disbursements	47,435
Operating receipts (under) operating disbursements	(15,166)
Non-operating cash receipts:	
Intergovernmental revenues	12,828
	12,828
Net receipts (under) disbursements	(2,338)
Fund cash balance, January 1, 1999	2,338
	2,338
Fund cash balance, May 23, 2000	\$0

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

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**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING MAY 23, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Van Wert County/City Swimming Pool, Van Wert, (the Pool) 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 Pool is directed by a five-member Board. Two members are appointed by the County, two members are appointed by the City and the remaining member is appointed by the Board. The Board has the full power and authority to operate the swimming pool.

The Pool's management believes these financial statements present all activities for which the Pool 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.

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

C. FUND ACCOUNTING

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

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 Pool had the following significant Enterprise Funds:

Pool Fund - This fund is used to account for charges for services to provide a swimming pool facility for the general public.

D. PROPERTY, PLANT AND EQUIPMENT

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Pool 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 May 23, 2000 was \$0. Deposits are insured by the Federal Depository Insurance Corporation.

**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING MAY 23, 2000**

3. RETIREMENT SYSTEM

The Pool's employees pay in to Social Security. The Pool's liability is 6.2 percent of wages paid.

4. RISK MANAGEMENT

The Pool has obtained commercial insurance for the following risks:
-Comprehensive property and general liability

5. CHANGE IN OPERATIONS

The operation of the Van Wert County/City Swimming pool was removed from the control of the Van Wert County/City Swimming Pool Board as of May 16, 2000. The City of Van Wert and Van Wert County entered into a management agreement with YWCA of Van Wert County, a private not for profit corporation, to operate the pool for the 2000 season. The City and County contributed \$2,828 during 2000 to cover the 1999 operating deficit and 1999 worker's compensation assessment and the accounts of the Pool Board were closed as of May 23, 2000 and the Board ceased to function as a separate reporting entity.



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

Van Wert County/City Swimming Pool
Van Wert County
121 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners and City Council:

We were engaged to audit the accompanying financial statements of Van Wert County Swimming Pool, Van Wert County, Ohio (the Pool), as of and for the period ended May 23, 2000, and have issued our report thereon dated July 18, 2001, in which a disclaimer of opinion was made due to a scope limitation resulting from for lack of supporting evidence regarding receipts and disbursements and wherein we indicated the Swimming Pool Board ceased to exist as a separate reporting entity.

Compliance

As part of obtaining reasonable assurance about whether the Pool'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 tests of available documentation 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 2000-60281-001.

Internal Control Over Financial Reporting

In planning and performing the engagement described in paragraph 1, we considered the Pool's internal control over financial reporting in order to determine our 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 certain 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 the Pool's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60281-002.

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 consider the reportable condition described above to be a material weakness.

Van Wert County/City Swimming Pool
Van Wert 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, the Van Wert County Commissioners and City of Van Wert 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 18, 2001

**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
MAY 23, 2000**

Finding Number	2000-60281-001
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The City/County Swimming Pool Agreement states that all books of account, records, proceedings, and other books of the Van Wert County Swimming Pool Board shall be considered a public record and shall be subject to audit by any public auditor of the State or by any of its political subdivisions or by the Federal Government at any and all times. Ohio Rev. Code Section 149.43(B) states all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. The Pool's management could not present for audit the following records:

- 1999 minutes
- 1999 daily attendance records
- 1999 season ticket records
- Supporting documentation for 47% of 1999 and 100% of 2000 Board non payroll related expenditures through May 23, 2000.

A records retention policy should be developed in accordance with the City/County Swimming Pool Agreement and Ohio Rev. Code Section 149.43(B).

Finding Number	2000-60281-002
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Financial Records - Accountability / Supporting Documents

The following problems were noted regarding financial records of the Pool Board:

1. The records of the Van Wert County Swimming Pool do not include a cash book or other method of recording the balance of book activity.
2. Minutes of the Board could not be located for the audit period.
3. Financial statements were not prepared for 1999 or for the 2000 period the Board functioned.
4. Supporting documentation was not available for daily admissions, season tickets or concessions.
5. The Pool paid 47% of their non payroll related expenditures (27% of reported expenditures) without supporting documentation. In addition, portions of expenditures were paid out of the daily cash receipts and records of the expenditures made January to May 2000 could not be located.
6. A payroll ledger was not available for audit and supporting documentation for remittance of payroll withholding was not available. In addition, there was no documentation of the approved pay rates for employees.

With limited or nonexistent support for the revenue from daily admissions, concessions, and season tickets, the revenue recorded on the financial statements cannot be confirmed and the revenue is more susceptible to misclassification or theft. With limited support for expenditures, the disbursements reported on the financial statements cannot be verified and could result in an expenditure being made for an improper public purpose; duplication of payment; possible diversion of funds; improper posting of expenditures to the financial statements; and payment for a good or service which had not been received.

Proper accounting records and documentation should be properly maintained to support financial statements, including support for daily admission, concession, and season ticket revenue and supporting documentation for disbursements made.

**VAN WERT COUNTY/CITY SWIMMING POOL
VAN WERT COUNTY**

FOR THE PERIOD ENDED MAY 23, 2000

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-60281-001	Minutes - Lack of minutes and lack of pertinent information in the minutes provided	No	Included as part of Finding 2000-60281-001
1998-60281-002	City/County Agreement requiring adequate records	No	Included as part of Finding 2000-60281-001
1998-60281-003	Pool Reserve/Admission Charges	No	No Longer Relevant, The Pool Board has ceased operation.
1998-60281-004	Admission and Concession Revenues	No	Included as part of Finding 2000-60281-001
1998-60281-005	Disbursement Procedures	No	Included as part of Finding 2000-60281-001
1998-60281-006	Monitoring Financial Activity	No	No Longer Relevant, The Pool Board has ceased operation.
1998-60281-007	Bookkeeping and Reconciling	No	Included as part of Finding 2000-60281-001
1998-60281-008	Swimming Pool Slide Note	Yes	



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VAN WERT COUNTY/CITY SWIMMING POOL

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
AUGUST 21, 2001**