

VILLAGE OF BELOIT  
MAHONING COUNTY

AUDITED FINANCIAL STATEMENTS AND  
AUDITORS' REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2001 - 2002





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Beloit

We have reviewed the Independent Auditor's Report of the Village of Beloit, Mahoning County, prepared by Nagel, Weigand & Company, LLC for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Beloit is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 5, 2004

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VILLAGE OF BELOIT  
MAHONING COUNTY

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# Nagel, Weigand & Company, LLC

## INDEPENDENT AUDITORS' REPORT

Members of Council  
Village of Beloit  
Beloit, Ohio 44609

We have audited the accompanying financial statements of the Village of Beloit, as of and for the years ended December 31, 2001 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Village of Beloit'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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village, as of December 31, 2001 and 2002 and the related revenues and expenditures and budgeted receipts, appropriations, and encumbrances for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 22, 2004 on our consideration of the Village of Beloit'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 the 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.

March 22, 2004

*Nagel, Weigand & Company, LLC*

VILLAGE OF BELOIT  
MAHONING COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES				TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(MEMO- RANDOM ONLY)
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$ 45,492	\$ 56,224	\$ -	\$ 54,088	\$ 155,804
Intergovernmental Receipts	9,525	25,497	-	-	35,022
Charges for Services	-	45,425	-	-	45,425
Earnings on Investments	8,153	2,943	-	-	11,096
Miscellaneous	10,248	39,050	-	8,815	58,113
Total Cash Receipts	73,418	169,139	-	62,903	305,460
<b>CASH DISBURSEMENTS:</b>					
Current:					
Security of Persons and Property	85	104,626	-	-	104,711
Public Health Service	1,797	-	-	-	1,797
Transportation	-	62,851	-	-	62,851
General Government	59,555	-	-	-	59,555
Capital Outlay	-	-	-	54,566	54,566
Debt Service:					
Principal Payments	-	6,323	-	-	6,323
Interest Payments	-	2,196	-	-	2,196
Total Disbursements	61,437	175,996	-	54,566	291,999
Receipts Over (Under) Disbursements	11,981	(6,857)	-	8,337	13,461
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Transfers Out	(5,784)	-	-	-	(5,784)
Total Other Financing Receipts (Disbursements):	(5,784)	-	-	-	(5,784)
Excess of Cash Receipts and Other Financing and Other Financing Disbursements	6,197	(6,857)	-	8,337	7,677
Fund Cash Balance - January 1, 2001	67,040	183,605	392	-	251,037
Fund Cash Balance - December 31, 2001	\$ 73,237	\$ 176,748	\$ 392	\$ 8,337	\$ 258,714

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



VILLAGE OF BELOIT  
MAHONING COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>PROPRIETARY FUND</u>
	<u>ENTERPRISE</u>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ 158,993
Other Miscellaneous	3,305
	<hr/>
Total Operating Cash Receipts	162,298
	<hr/>
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	3,310
Contractual Services	89,866
Materials and Supplies	1,286
Miscellaneous	1,579
Capital Outlay	15,654
	<hr/>
Total Operating Cash Disbursements	111,695
	<hr/>
Operating Income	50,603
<b>NONOPERATING CASH DISBURSEMENTS</b>	
Debt Service	42,794
	<hr/>
Total Nonoperating Cash Disbursements	42,794
	<hr/>
Net Income (Loss) before Transfers	7,809
Transfers In	5,784
	<hr/>
Net Income	13,593
Fund Cash Balance - January 1, 2001	213,901
	<hr/>
Fund Cash Balance - December 31, 2001	<u>\$ 227,494</u>

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

VILLAGE OF BELOIT  
MAHONING COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES				TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(MEMO- RANDUM ONLY)
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$ 45,112	\$ 52,450	\$ -	\$ 63,113	\$ 160,675
Intergovernmental Receipts	7,753	27,764	-	-	35,517
Charges for Services	-	48,733	-	-	48,733
Earnings on Investments	4,244	1,027	-	-	5,271
Miscellaneous	14,036	32,741	-	-	46,777
Total Cash Receipts	71,145	162,715	-	63,113	296,973
<b>CASH DISBURSEMENTS:</b>					
Current:					
Security of Persons and Property	2,457	81,534	-	-	83,991
Public Health Service	1,810	-	-	-	1,810
Transportation	-	11,160	-	-	11,160
General Government	63,245	-	-	-	63,245
Capital Outlay	-	-	-	71,450	71,450
Debt Service:					
Principal Payments	-	6,530	-	-	6,530
Interest Payments	-	2,464	-	-	2,464
Total Cash Disbursements	67,512	101,688	-	71,450	240,650
Receipts Over (Under) Disbursements	3,634	61,027	-	(8,337)	56,323
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Transfers In	-	374	-	-	374
Transfers Out	(3,150)	-	-	-	(3,150)
Total Other Financing Receipts (Disbursements):	(3,150)	374	-	-	(2,776)
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	484	61,401	-	(8,337)	53,547
Fund Cash Balance - January 1, 2002	73,236	176,748	392	8,337	258,713
Fund Cash Balance - December 31, 2002	\$ 73,720	\$ 238,149	\$ 392	\$ (0)	\$ 312,260

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

VILLAGE OF BELOIT  
MAHONING COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	PROPRIETARY FUND
	ENTERPRISE
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ 158,861
Total Operating Cash Receipts	158,861
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	3,456
Contractual Services	78,003
Materials and Supplies	273
Other	2,915
Capital Outlay	1,995
Total Operating Cash Disbursements	86,642
Operating Income (Loss)	72,219
<b>NONOPERATING CASH DISBURSEMENTS:</b>	
Debt Service	42,207
Total Nonoperating Cash Disbursements	42,207
Net Income (Loss) before Transfers	30,012
Transfers In	2,776
Net Income (Loss)	32,788
Fund Cash Balance - January 1, 2002	227,494
Fund Cash Balance - December 31, 2002	\$ 260,282

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

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Beloit, Mahoning County, (the Village) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village council is composed of six members who are elected by their respective electors or by the Village at large. The Village provides general government services, including sewer, EMT and fire services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village of Beloit prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. This method of accounting is utilized in reporting to the State of Ohio but is not in accordance with generally accepted accounting principles. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND INVESTMENTS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. As prescribed by Ohio law, the Debt Service Fund is used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2001, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS

The Village maintains a cash and investment 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>2002</u>	<u>2001</u>
Demand Deposits	\$ 381,290	\$ 298,351
STAR Ohio	<u>191,254</u>	<u>187,857</u>
Total deposits and investments	<u>\$ 572,544</u>	<u>\$ 486,208</u>



VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002

(Continued)

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS (Continued)

**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.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

**2002 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 53,114	\$ 71,146	\$ 18,032
Special Revenue	152,188	163,089	10,901
Debt Service	-	-	-
Capital Projects	63,914	63,114	(800)
Enterprise	<u>168,081</u>	<u>161,636</u>	<u>(6,445)</u>
Total	<u>\$ 437,297</u>	<u>\$ 458,985</u>	<u>\$ 21,688</u>

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)

3. BUDGETARY ACTIVITY (Continued)

**2002 Budgeted vs. Actual Budgetary Basis Expenditures:**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 117,111	\$ 70,662	\$ 46,449
Special Revenue	361,788	101,688	260,100
Debt Service	392	-	392
Capital Projects	72,251	71,450	801
Enterprise	<u>361,927</u>	<u>128,849</u>	<u>233,078</u>
Total	<u>\$ 913,469</u>	<u>\$ 372,649</u>	<u>\$ 540,820</u>

**2001 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 51,819	\$ 73,417	\$ 21,598
Special Revenue	130,984	169,139	38,155
Debt Service	-	-	-
Capital Projects	121,100	62,903	(58,197)
Enterprise	<u>164,000</u>	<u>168,082</u>	<u>4,082</u>
Total	<u>\$ 467,903</u>	<u>\$ 473,541</u>	<u>\$ 5,638</u>

**2001 Budgeted vs. Actual Budgetary Basis Expenditures:**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 124,055	\$ 67,221	\$ 56,834
Special Revenue	334,487	175,996	158,491
Debt Service	397	-	397
Capital Projects	121,000	54,566	66,434
Enterprise	<u>337,028</u>	<u>154,489</u>	<u>182,539</u>
Total	<u>\$ 916,967</u>	<u>\$ 452,272</u>	<u>\$ 464,695</u>

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2002 follows:

	<u>Principal</u>	<u>Interest</u> <u>Rate</u>
Sewer System Mortgage Revenue Bonds	\$ 132,000	4.00%
Fire Truck Notes	38,025	5.25%
OWDA Sewer Revenue Bonds	<u>93,259</u>	6.25%
Total	<u>\$ 263,284</u>	

The Sewer System Mortgage Revenue Bonds were originally issued in 1990 in the amount of \$240,000 for the purpose of improving, by construction and extension, the sanitary sewer collection, treatment and disposal system of the Village. This note is a direct obligation of the Village for which its full faith, credit and resources are pledged and is payable from the revenue generated by the sewer department.

The Fire Truck note was taken out to purchase a fire truck. This note is a direct obligation of the Village for which its full faith, credit and resources are pledged from the Fire Apparatus fund.

The Ohio Water Development Authority (OWDA) loan relates to the construction of a waste water facility. The OWDA approved \$334,795 in loans to the Village for this project. Of this total amount, \$325,000 was issued in 1969 and \$9,795 was issued in 1979. The loans will be repaid in semiannual installments of \$12,241, including interest, over 35 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)

4. DEBT OBLIGATIONS (Continued)

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

<u>Year Ending</u> <u>December 31</u>	<u>Sewer System</u> <u>Mortgage</u> <u>Revenue Bond</u>	<u>Fire</u> <u>Truck</u> <u>Loan</u>	<u>OWDA</u> <u>Sewer</u> <u>Loans</u>	<u>Totals</u>
2003	\$ 18,883	\$ 8,994	\$ 24,482	\$ 52,359
2004	19,306	8,994	24,482	52,782
2005	19,684	8,994	24,482	53,160
2006	20,095	8,994	24,482	53,571
2007	20,367	8,994	12,241	41,602
Subsequent	<u>62,278</u>	<u>-</u>	<u>-</u>	<u>62,278</u>
Total	<u>\$ 160,613</u>	<u>\$ 44,970</u>	<u>\$ 110,169</u>	<u>\$ 315,752</u>

5. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2002 for Mahoning County.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2002

(Continued)

5. PROPERTY TAX (Continued)

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

Real Property - 2002 Valuation	
Residential/Agricultural/Mineral	\$ 4,312,230
Commercial/Industrial	1,183,330
Public Utilities	5,980
Tangible Personal Property - 2002 Valuation	
General	561,540
Public Utilities	<u>502,670</u>
Total Valuation	<u>\$ 6,565,750</u>

The Mahoning County Treasurer collects property tax on behalf of all taxing districts within the county. The Mahoning County Auditor periodically remits to the taxing districts their portions of the taxes collected.

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001 and 2002, the Village contracted with private carriers for property and fleet insurance for the following:

- Blanket Building and Personal Property
- Vehicles
- Boiler and Machinery
- General Liability
- Public Officials Liability
- Employee Benefits Liability

VILLAGE OF BELOIT  
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)

6. RISK MANAGEMENT (Continued)

Settled claims have not exceeded the commercial coverage in any of the past three years.

# Nagel, Weigand & Company, LLC

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council  
Village of Beloit  
Beloit, Ohio 44609

We have audited the financial statements of the Village of Beloit as of and for the years ended December 31, 2001 and 2002, and have issued our report thereon dated March 22, 2004. 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, contracts and grants, noncompliance with which could have a direct and material effect on the determined 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

### 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 assurances 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 control over financial reporting and its operations that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated March 22, 2004.

**Village of Beloit  
Mahoning County**

This report is intended for the information and use of the audit committee, management, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

March 22, 2004

*Nagel, Weigand & Company, LLC*



VILLAGE OF BELOIT  
MAHONING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2001 AND 2002

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Beloit.
2. No reportable conditions were disclosed during the audit of the Village of Beloit's financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

VILLAGE OF BELOIT  
MAHONING COUNTY

GENERAL COMMENTS  
DECEMBER 31, 2001 AND 2002

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on March 22, 2004:

Eric Augustein	Mayor
Cherri Hutton	Clerk-Treasurer
Judy Frasher	Fiscal Officer

These officials were informed that they had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

Village personnel were cooperative and available for questions and assistance during regular working hours.



**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF BELOIT**

**MAHONING 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  
APRIL 20, 2004**