

VILLAGE OF BYESVILLE



**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

Rea & Associates, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF BYESVILLE



**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

DECEMBER 31, 1999 AND 1998

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – All Governmental Fund Types for the Year Ended December 31, 1999	2
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – All Governmental Fund Types for the Year Ended December 31, 1998	3
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – All Proprietary Fund Types for the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – All Proprietary Fund Types for the Year Ended December 31, 1998	5
Notes to the Financial Statements	6-13
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14-15



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Mayor and Members of Council
Village of Byesville
Byesville, Ohio 43964

We have reviewed the Independent Auditor's Report of the Village of Byesville, Guernsey County, prepared by Rea & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. 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 Byesville is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 13, 2000

122 Fourth Street N.W.
P. O. Box 1020
New Philadelphia, Ohio 44663-5120
330 - 339 - 6651
FAX: 339 - 4837
www.reacpa.com

Rea & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

April 20, 2000

Mayor and Members of Council
Village of Byesville
Byesville, OH 43964

Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Byesville (the "Village") as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village of Byesville as of December 31, 1999 and 1998, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 20, 2000 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.

This report is intended solely for the information and use of the Mayor, Village Council, management, 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.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima

VILLAGE OF BYESVILLE
GUERNSEY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(MEMORANDUM ONLY)
RECEIPTS:					
Taxes	\$ 563,829	\$ 31,070	\$ 0	\$ 0	\$ 594,899
Intergovernmental Revenue	181,755	174,096	0	25,125	380,976
Charges For Services	2,225	84,139	0	0	86,364
Fines, Licenses and Permits	20,391	1,350	0	0	21,741
Interest	49,272	992	0	0	50,264
Miscellaneous	16,873	3,293	0	0	20,166
Total Revenue Receipts	834,345	294,940	0	25,125	1,154,410
DISBURSEMENTS:					
Current:					
Security of Persons	336,164	101,245	0	0	437,409
Public Health Services	557	0	0	0	557
Leisure Time Activities	0	15,054	0	0	15,054
Basic Utility Services	12,364	0	0	0	12,364
Transportation	3,742	129,657	0	0	133,399
General Government	204,044	6,811	0	6,811	217,666
Capital Outlay	171,931	199,630	0	0	371,561
Debt Service:					
Principal	0	22,738	41,418	0	64,156
Interest	0	5,756	0	0	5,756
Total Disbursements	728,802	480,891	41,418	6,811	1,257,922
Excess of Receipts Over/(Under)					
Disbursements	105,543	(185,951)	(41,418)	18,314	(103,512)
Transfers - In	0	134,000	46,000	0	180,000
Transfers - Out	(180,000)	0	0	0	(180,000)
Total Other Financing Sources (Uses)	(180,000)	134,000	46,000	0	0
Excess of Receipts and Other Financing Sources Over/(Under)					
Disbursements and Other Uses	(74,457)	(51,951)	4,582	18,314	(103,512)
Fund Cash Balances, JANUARY 1	285,287	195,151	15,000	0	495,438
Fund Cash Balances, DECEMBER 31	\$ 210,830	\$ 143,200	\$ 19,582	\$ 18,314	\$ 391,926

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(MEMORANDUM ONLY)
RECEIPTS:					
Taxes	\$ 529,698	\$ 31,568	\$ 0	\$ 0	\$ 561,266
Intergovernmental Revenue	230,230	174,220	0	0	404,450
Charges For Services	8,218	50,000	0	0	58,218
Fines, Licenses and Permits	30,110	1,050	0	0	31,160
Interest	46,330	0	0	0	46,330
Miscellaneous	5,494	14,651	0	1,675	21,820
Total Revenue Receipts	<u>850,080</u>	<u>271,489</u>	<u>0</u>	<u>1,675</u>	<u>1,123,244</u>
DISBURSEMENTS:					
Current:					
Security of Persons	316,370	264,638	0	0	581,008
Public Health Services	60	0	0	0	60
Leisure Time Activities	0	19,454	0	0	19,454
Community Environment	0	0	0	39,541	39,541
Basic Utility Services	14,805	0	0	0	14,805
Transportation	2,195	108,080	0	0	110,275
General Government	169,593	0	0	0	169,593
Capital Outlay	215,957	74,271	36,917	0	327,145
Debt Service:					
Principal	10,000	0	0	0	10,000
Interest	620	0	0	0	620
Total Disbursements	<u>729,600</u>	<u>466,443</u>	<u>36,917</u>	<u>39,541</u>	<u>1,272,501</u>
Excess of Receipts Over/(Under)					
Disbursements	120,480	(194,954)	(36,917)	(37,866)	(149,257)
Transfers - In	0	82,000	0	0	82,000
Transfers - Out	(82,000)	0	0	0	(82,000)
Sale of Notes	21,000	108,000	50,000	0	179,000
Total Other Financing Sources (Uses)	<u>(61,000)</u>	<u>190,000</u>	<u>50,000</u>	<u>0</u>	<u>179,000</u>
Excess of Receipts and Other Financing Sources Over/(Under)					
Disbursements and Other Uses	59,480	(4,954)	13,083	(37,866)	29,743
Fund Cash Balances, JANUARY 1	<u>225,807</u>	<u>200,105</u>	<u>1,917</u>	<u>37,866</u>	<u>465,695</u>
Fund Cash Balances, DECEMBER 31	<u>\$ 285,287</u>	<u>\$ 195,151</u>	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 495,438</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BYESVILLE
 GUERNSEY COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND BALANCES - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	PROPRIETARY FUNDS
	ENTERPRISE
OPERATING RECEIPTS:	
Charges for Services	\$ 972,711
Other / Miscellaneous	41,300
	1,014,011
TOTAL OPERATING RECEIPTS	
OPERATING DISBURSEMENTS:	
Personal Services	458,427
Contractual Services	238,917
Material and Supplies	124,931
Capital Outlay	141,132
	963,407
TOTAL OPERATING DISBURSEMENTS	
OPERATING INCOME (LOSS)	50,604
NON-OPERATING RECEIPTS:	
Intergovernmental Revenues	38,965
	38,965
TOTAL NON-OPERATING RECEIPTS	
NON-OPERATING DISBURSEMENTS:	
Debt Service:	
Principal Retirement	208,880
Interest & Fiscal Charges	58,730
	267,610
TOTAL NON-OPERATING DISBURSEMENTS	
NET RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,041)
Fund Cash Balance January 1	685,153
	\$ 507,112
Fund Cash Balance December 31	507,112

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BYESVILLE
 GUERNSEY COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND BALANCES - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	PROPRIETARY FUNDS
	ENTERPRISE
OPERATING RECEIPTS:	
Charges for Services	\$ 1,054,753
Other / Miscellaneous	6,109
TOTAL OPERATING RECEIPTS	1,060,862
OPERATING DISBURSEMENTS:	
Personal Services	424,384
Contractual Services	204,076
Material and Supplies	122,074
Capital Outlay	106,240
TOTAL OPERATING DISBURSEMENTS	856,774
OPERATING INCOME (LOSS)	204,088
NON-OPERATING RECEIPTS:	
Proceeds from Sale of Notes	144,000
TOTAL NON-OPERATING RECEIPTS	144,000
NON-OPERATING DISBURSEMENTS:	
Debt Service:	
Principal Retirement	84,181
Interest & Fiscal Charges	53,716
TOTAL NON-OPERATING DISBURSEMENTS	137,897
NET RECEIPTS OVER (UNDER) DISBURSEMENTS	210,191
Fund Cash Balance January 1	474,962
Fund Cash Balance December 31	\$ 685,153

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Byesville 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 operates under a council-mayor form of government.

The Village provides the following services: police and fire protection, water and wastewater utilities, recreation, street maintenance, and development.

The Village's management believes these financial statements represent all activities for which the Village is financially accountable.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements on a 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 the 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

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

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

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

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village has a debt service fund used primarily to retire debt for street repairs and equipment.

Capital Projects Funds

Capital projects funds 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

Enterprise funds 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.

E. BUDGETARY PROCESS

The Ohio Revised code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

G. UNPAID VACATION AND SICK LEAVE

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

H. 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.

NOTE 2: EQUITY IN POOLED CASH AND 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>1999</u>	<u>1998</u>
Demand deposits	\$ 99,038	\$ 27,591
Overnight sweep account: Repurchase Agreement	<u>800,000</u>	<u>1,153,000</u>
Total deposits and investments	<u>\$ 899,038</u>	<u>\$ 1,180,591</u>

Repurchase agreements securities are purchased from and sold back to the bank on a daily basis.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ending 1999 and 1998 follows:

<u>1999 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 841,955	\$ 834,345	\$ (7,610)
Special Revenue	424,200	428,940	4,740
Debt Service	46,000	46,000	0
Capital Projects	0	25,125	25,125
Enterprise	<u>1,061,320</u>	<u>1,052,976</u>	<u>(8,344)</u>
Total	<u>\$ 2,373,475</u>	<u>\$ 2,387,386</u>	<u>\$ 13,911</u>

<u>1999 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,123,919	\$ 908,802	\$ 215,117
Special Revenue	486,668	480,891	5,777
Debt Service	60,085	41,418	18,667
Capital Projects	0	6,811	(6,811)
Enterprise	<u>1,425,838</u>	<u>1,231,017</u>	<u>194,821</u>
Total	<u>\$ 3,096,510</u>	<u>\$ 2,668,939</u>	<u>\$ 427,571</u>

<u>1998 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 773,362	\$ 871,080	\$ 97,718
Special Revenue	428,219	461,489	33,270
Debt Service	35,000	50,000	15,000
Capital Projects	0	1,675	1,675
Enterprise	<u>914,188</u>	<u>1,204,862</u>	<u>290,674</u>
Total	<u>\$ 2,150,769</u>	<u>\$ 2,589,106</u>	<u>\$ 438,337</u>

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 3: BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 951,790	\$ 811,600	\$ 140,190
Special Revenue	471,149	466,443	4,706
Debt Service	36,918	36,917	1
Capital Projects	0	39,541	(39,541)
Enterprise	<u>1,391,835</u>	<u>994,671</u>	<u>397,164</u>
Total	<u>\$ 2,851,692</u>	<u>\$ 2,349,172</u>	<u>\$ 502,520</u>

NOTE 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 semi-annual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 5: DEBT OBLIGATIONS

Debt outstanding at December 31, 1999 consisted of the following:

	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Ohio Water Development Authority Loans	\$ 297,504	6.64%	7/1/2010
Rural Economic Community Development Service Loans (Formerly FmHA)	202,600	6%	1/1/2029
Ohio Public Works Commission Loans	322,241	0%	1/1/2017
General Obligation Bonds – Sewer Improvement	380,000	3.1/6.6%	12/1/2012
General Obligation Bonds – Vehicle Acquisition	156,591	5/5.42%	4/15/2001/ 5/1/2005

The OWDA and RECDS loans were used for improvements to the Village's utility systems. Water and sewer revenues are being used to retire these debts.

The Ohio Public Works Commission loans relate to water and sewer system improvements. The OWPC has approved up to \$435,830 in loans to the Village for these projects. The loans will be repaid in semi-annual installments over 15 to 25 years. The scheduled payment amount assumes that the entire authorized amount will be borrowed. The scheduled payments will be adjusted to reflect any revisions in amounts actually borrowed.

The Sewer Mortgage Revenue Bonds were issued to finance sewer system capital improvements. These will be repaid from sewer system revenues.

The General Obligation Vehicle Acquisition Bonds were issued to finance the purchase of a fire truck, pick-up truck, dump truck and police cruiser.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 5: DEBT OBLIGATIONS (Continued)

The annual requirements to amortize the long-term debt outstanding as of December 31, 1999, including interest payments are scheduled as follows:

<u>Year</u>	<u>Sewer Mortgage Revenue Bonds</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>RECDS Loans</u>	<u>G. O. Vehicle Acquisition Bonds</u>	<u>Total</u>
2000	\$ 44,377	\$ 38,966	\$ 23,043	\$ 14,656	\$ 55,646	\$ 176,688
2001	43,328	38,966	23,044	14,806	53,210	173,354
2002	47,227	38,966	23,043	14,738	18,773	142,747
2003	45,790	38,966	23,044	14,764	17,937	140,501
2004	44,120	38,966	23,044	14,678	17,101	137,909
Thereafter	<u>349,480</u>	<u>214,313</u>	<u>228,102</u>	<u>367,794</u>	<u>16,265</u>	<u>1,175,954</u>
Totals	<u>\$ 574,322</u>	<u>\$ 409,143</u>	<u>\$ 343,320</u>	<u>\$ 441,436</u>	<u>\$ 178,932</u>	<u>\$ 1,947,153</u>

NOTE 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 1999 and 1998, 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. The Village has paid all contributions required through December 31, 1999.

NOTE 7: LOCAL INCOME TAX

This locally levied tax of 1% applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Byesville and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income to business organizations conducted with Byesville. Tax receipts are credited to the General Fund of the Village and amounted to \$479,388 and \$446,396 for 1999 and 1998, respectively.

VILLAGE OF BYESVILLE
GUERNSEY COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 8: RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self-Insurance Pool (the Pool). The Pool assumes the risk of losses up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

General Liability and Casualty
Public Officials' Liability
Vehicles

The Village also provides health insurance, life insurance, dental, vision, and prescription coverage to full-time employees through private carriers.

NOTE 9: COMPLIANCE

Contrary to Section 5705.41(B), Revised Code, the Village had expenditures exceeding appropriations in the following fund types:

1999:			
Special Revenue Fund Type:	New Fire Levy	\$	16,301
	State Grant		6,811
	FEMA		69,130
Capital Projects Fund Type:	Flood Mitigation		6,811
1998:			
Special Revenue Fund Type:	FEMA	\$	29,781
	New Fire Levy		97,018
Capital Projects Fund Type:	Downtown Lighting		38,701

April 20, 2000

Mayor and Members of Council
Village of Byesville
Byesville, OH 43964

**Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the Village of Byesville (the "Village") as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 20, 2000. 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 20, 2000.

Ohio Revised Code Noncompliance

1. Ohio Rev. Code Section 5705.41(B) requires that no taxing district is to expend money unless it has been appropriated.

In 1998 the Village had expenditures exceeding appropriations in the FEMA Fund and the New Fire Levy Fund in the amounts of \$29,781 and \$97,018 respectively. In 1999 the State Grant Fund, the New Fire Levy Fund, the FEMA Fund and the Flood Mitigation Fund had expenditures exceeding appropriations by \$6,811, \$16,301, \$69,130 and \$6,811 respectively.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima

Village of Byesville
Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
April 20, 2000
Page 2

2. Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of council upon the completion of a "then and now" certificate.

Certain liabilities, contracts, and open purchase commitments were not certified prior to their obligation. "Then and now" certificates were not utilized by the Village. A review of the expenditures in 1998 and 1999 indicate that 16 of 37 and 5 of 43 items tested, respectively, had invoices with dates that preceded the purchase order date. We recommend the clerk review with the various departments the necessity for the purchase authorization prior to ordering or contracting for expenditures. If this cannot be avoided we recommend the clerk follow procedures for issuing Then and Now Certificates.

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 structure 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. 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 April 20, 2000.

This report is intended for the information and use of the Mayor, Village Council, and management and is not intended to be and should not be used by anyone other than these specific parties.



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 BYESVILLE

GUERNSEY 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.

By: Susan Babbitt

Date: JUNE 27, 2000