



**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



VILLAGE OF BATESVILLE  
NOBLE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Batesville  
Noble County  
229 Second Cross Street  
Batesville, Ohio 43773

To the Village Council:

We have audited the accompanying financial statements of the Village of Batesville, Noble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 combined fund cash balances of the Village of Batesville, Noble County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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 used 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 audit committee, 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

September 19, 2001

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VILLAGE OF BATESVILLE  
NOBLE 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,658	\$	\$1,658
Intergovernmental Receipts	21,782	1,671	23,453
Miscellaneous	3,596		3,596
 Total Cash Receipts	<u>27,036</u>	<u>1,671</u>	<u>28,707</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,257		2,257
Leisure Time Activities	3,356		3,356
Transportation	62	3,145	3,207
General Government	15,502		15,502
 Total Cash Disbursements	<u>21,177</u>	<u>3,145</u>	<u>24,322</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,859</u>	<u>(1,474)</u>	<u>4,385</u>
Total Cash Balances, January 1	<u>345</u>	<u>5,628</u>	<u>5,973</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$6,204</u></u></b>	<b><u><u>\$4,154</u></u></b>	<b><u><u>\$10,358</u></u></b>

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

**VILLAGE OF BATESVILLE  
NOBLE 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,577	\$	\$1,577
Intergovernmental Receipts	13,450	28,013	41,463
Miscellaneous	378		378
Total Cash Receipts	15,405	28,013	43,418
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,266		2,266
Leisure Time Activities	1,990		1,990
Community Environment	8,084	24,895	32,979
Transportation	1,323	1,158	2,481
General Government	8,340		8,340
Total Cash Disbursements	22,003	26,053	48,056
Total Cash Receipts Over/(Under) Cash Disbursements	(6,598)	1,960	(4,638)
Fund Cash Balances, January 1	6,943	3,668	10,611
<b>Fund Cash Balances, December 31</b>	<b>\$345</b>	<b>\$5,628</b>	<b>\$5,973</b>

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



**VILLAGE OF BATESVILLE  
NOBLE 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 Batesville, Noble 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 fire services and maintenance of streets. The Village contracts with the Quaker City Volunteer Fire Department to provide fire protection for the Village. Also, the Village contracts with the Noble County Sheriff's Department to provide security of persons and property.

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 cash balance of the Village is maintained in a interest bearing checking account at Wheeling National Bank.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

FEMA Grant Funds - This fund receives grant money from the federal and state government to aid in disaster relief.

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

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

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

**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. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ <u>10,358</u>	\$ <u>5,973</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,736	\$ 27,036	\$ 1,300
Special Revenue	1,467	1,671	204
Total	\$ 27,203	\$ 28,707	\$ 1,504

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 26,511	\$ 21,177	\$ 5,334
Special Revenue	6,574	3,145	3,429
Total	\$ 33,085	\$ 24,322	\$ 8,763

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 14,488	\$ 15,405	\$ 917
Special Revenue	1,467	28,013	26,546
Total	\$ 15,955	\$ 43,418	\$ 27,463

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 24,810	\$ 22,003	\$ 2,807
Special Revenue	5,204	26,053	(20,849)
Total	\$ 30,014	\$ 48,056	\$ (18,042)

The Village did not obtain prior certification for any expenditures during calendar year 2000 and 1999, contrary to Ohio Rev. Code Section 5705.41(D).

In calendar year 2000, the General Fund and in calendar year 1999 the FEMA Fund had expenditures which exceeded appropriations at the legal level of control, contrary to Ohio Rev. Code Section 5705.41(B).

During June and July 2000, the General Fund had a negative balance, contrary to Ohio Rev. Code Section 5705.10.

During calendar year 1999, the General Fund had appropriations which exceeded estimated revenue, contrary to Ohio Rev. Code Section 5705.39.

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**5. RETIREMENT SYSTEMS**

The Village's elected officials and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

The Village did not withhold Medicare taxes from any employee during the audit period. Approximately, \$213 and \$138, for 1999 and 2000, respectively, is due in Medicare taxes.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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



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

Village of Batesville  
Noble County  
229 Second Cross Street  
Batesville, Ohio 43773

To the Village Council:

We have audited the financial statements of the Village of Batesville, Noble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 19, 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, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31061-001, 2000-31061-002, 2000-31061-003, 2000-31061-004 and 2000-31061-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 19, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 September 19, 2001.

Village of Batesville  
Noble 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 audit committee and the 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

September 19, 2001

**VILLAGE OF BATESVILLE  
NOBLE COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-31061-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "Then and Now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not obtain the Clerk's prior certification of the availability of funds for any of the transactions we tested, nor was there evidence of a "Then and Now" certificate being used by the Clerk.

We recommend that the Village obtain the Clerk's prior certification for all disbursements.

**FINDING NUMBER 2000-31061-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds and appropriation accounts had expenditures which exceeded appropriations at the legal level of control:

<u>2000</u>	General Fund		
	General Government		
	Auditor/Treasurer Fees	\$	181
<u>1999</u>	FEMA Fund		
	Community Environment		
	Capital Outlay	\$	24,895

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-31061-002 (Continued)**

**Noncompliance Citation (Continued)**

**Ohio Rev. Code Section 5705.41(B) (Continued)**

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2000-31061-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states, in part, that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund indicates that money from one fund was used to cover the expenses of another fund.

In June 2000, the Village had a negative fund balance of \$133.83 in the General Fund and in July 2000, the General Fund had a negative balance of \$266.84. The practice of using monies in specific funds for purposes other than for which such fund has been established will lead to negative fund balances, which could cause undue financial stress on the Village.

We recommend the Village use monies within specific funds for only the purposes for which the particular fund has been established. If a short-term cash flow problem exists, the Village should consider the possibility of advancing monies from another fund. The Village should review Auditor of State Bulletin 97-003 for guidance on advancing monies.

**FINDING NUMBER 2000-31061-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 requires that the total appropriation from each fund should not exceed the total estimated revenue.

The Village's General Fund had appropriations which exceeded estimated revenue by \$3,588 in 1999.

We recommend the Village Clerk/Treasurer review estimated resources before adopting or amending appropriations for each fund.



VILLAGE OF BATESVILLE  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2000-31061-005

**Noncompliance Citation**

Ohio Rev. Code Section 5705.09 requires each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Village posted Federal Emergency Management Agency (FEMA) grant monies into the General Fund, instead of creating a FEMA Fund within the Special Revenue Fund type.

We recommend the Village create a FEMA Fund within the Special Revenue Fund type to account for disaster relief money received from the federal and state governments. We have adjusted the financial statements to properly reflect this activity in a Special Revenue Fund type.

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
1998-31056-001	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. Of expenditures tested in 1998 and 1997, none contained prior certification.	No	Not Corrected. Repeated in GAGAS letter.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF BATESVILLE**

**NOBLE 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  
SEPTEMBER 27, 2001**