



**Auditor of State
Betty Montgomery**

VILLAGE OF BEALLSVILLE
MONROE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Finding	19

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Beallsville
Monroe County
P.O. Box E
Beallsville, Ohio 43716

To the Village Council:

We have audited the accompanying financial statements of the Village of Beallsville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described 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 Beallsville, Monroe County, as of December 31, 2003 and 2002, 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 March 26, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Beallsville
Monroe County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 26, 2004

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$16,852	\$	\$	\$16,852
Intergovernmental Receipts	12,453	28,966	31,806	73,225
Charges for Services		108		108
Earnings on Investments	605	75		680
Miscellaneous	323	596		919
	<u>30,233</u>	<u>29,745</u>	<u>31,806</u>	<u>91,784</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	5,731			5,731
Public Health Services	2,132			2,132
Leisure Time Activities	550			550
Basic Utility Services	122			122
Transportation	2,706	19,068		21,774
General Government	16,235			16,235
Debt Service:				
Principal Payments		3,094		3,094
Interest Payments	408	442		850
Capital Outlay			31,806	31,806
	<u>27,884</u>	<u>22,604</u>	<u>31,806</u>	<u>82,294</u>
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	<u>2,349</u>	<u>7,141</u>	<u>0</u>	<u>9,490</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	2,412			2,412
Transfers-Out		(2,412)		(2,412)
	<u>2,412</u>	<u>(2,412)</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	4,761	4,729	0	9,490
Fund Cash Balances, January 1	<u>8,663</u>	<u>3,402</u>	<u>0</u>	<u>12,065</u>
Fund Cash Balances, December 31	<u>\$13,424</u>	<u>\$8,131</u>	<u>\$0</u>	<u>\$21,555</u>

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

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$82,938
Total Operating Cash Receipts	82,938
Operating Cash Disbursements:	
Personal Services	16,837
Fringe Benefits	3,232
Contractual Services	33,089
Total Operating Cash Disbursements	53,158
Operating Income	29,780
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	3,781
Total Non-Operating Cash Receipts	3,781
Non-Operating Cash Disbursements:	
Redemption of Principal	25,242
Interest and Other Fiscal Charges	4,246
Total Non-Operating Cash Disbursements	29,488
Net Cash Receipts Over Cash Disbursements	4,073
Fund Cash Balances, January 1	37,746
Fund Cash Balances, December 31	\$41,819

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

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$18,427	\$	\$18,427
Intergovernmental Receipts	13,657	14,142	27,799
Earnings on Investments	836	101	937
Miscellaneous	885	18	903
	<u>33,805</u>	<u>14,261</u>	<u>48,066</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	4,970		4,970
Public Health Services	1,722		1,722
Leisure Time Activities	1,159		1,159
Basic Utility Services	485		485
Transportation	7,256	11,970	19,226
General Government	24,027		24,027
Debt Service:			
Principal Payments	2,248	2,933	5,181
Interest Payments	198	603	801
Capital Outlay	88		88
	<u>42,153</u>	<u>15,506</u>	<u>57,659</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(8,348)</u>	<u>(1,245)</u>	<u>(9,593)</u>
Fund Cash Balances, January 1	<u>17,011</u>	<u>4,647</u>	<u>21,658</u>
Fund Cash Balances, December 31	<u>\$8,663</u>	<u>\$3,402</u>	<u>\$12,065</u>

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

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$81,928
Miscellaneous	19
	81,947
Total Operating Cash Receipts	81,947
Operating Cash Disbursements:	
Personal Services	13,922
Fringe Benefits	3,192
Contractual Services	32,703
Capital Outlay	10,582
	60,399
Total Operating Cash Disbursements	60,399
Operating Income	21,548
Non-Operating Cash Receipts:	
Intergovernmental Receipts	10,582
	10,582
Total Non-Operating Cash Receipts	10,582
Non-Operating Cash Disbursements:	
Redemption of Principal	23,218
Interest and Other Fiscal Charges	5,047
	28,265
Total Non-Operating Cash Disbursements	28,265
Net Cash Receipts Over Cash Disbursements	3,865
Fund Cash Balances, January 1	33,881
Fund Cash Balances, December 31	\$37,746

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

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Beallsville, Monroe 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 government services, sewer utilities, maintenance of Village streets, and park operations. The Village contracts with the Beallsville Volunteer Fire Department to provide fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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.

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money which is held by the Monroe County Engineer's Office and disbursed to the Village upon request.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Issue II Fund - The Village received a grant from the State of Ohio for a paving project.

4. 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 Village had the following significant Enterprise Fund:

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at December 31 was as follows:

	2003	2002
Demand deposits	\$63,374	\$38,973
Certificates of deposit		10,838
Total deposits	\$63,374	\$49,811

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,258	\$32,645	(\$7,613)
Special Revenue	23,316	29,745	6,429
Capital Projects	0	31,806	31,806
Enterprise	78,000	86,719	8,719
Total	\$141,574	\$180,915	\$39,341

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,663	\$27,884	\$18,779
Special Revenue	34,909	25,016	9,893
Capital Projects	0	31,806	(31,806)
Enterprise	102,561	82,646	19,915
Total	\$184,133	\$167,352	\$16,781

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,566	\$33,805	(\$9,761)
Special Revenue	19,500	14,261	(5,239)
Enterprise	89,000	92,529	3,529
Total	\$152,066	\$140,595	(\$11,471)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,494	\$42,153	\$18,341
Special Revenue	24,147	15,506	8,641
Enterprise	97,880	88,664	9,216
Total	\$182,521	\$146,323	\$36,198

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue II Fund by \$31,806 for the year ended December 31, 2003. Also, contrary to Ohio law, the Village did not obtain an amended certificate of estimated resources for Issue II monies.

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 payments, 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 BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Building Mortgage Loan	\$1,038	5.25%
Equipment Commercial Loan	6,642	5.30%
Ohio Public Works Commission Loan	38,941	0.00%
Ohio Water Development Authority Loan	192,447	2.20%
Total	<u>\$239,068</u>	

The Municipal Building Mortgage Loan relates to the purchase of a home used as the Village Hall. The loan will be repaid in monthly installments of \$408, including interest, over ten years. The Village Hall is used as collateral for the loan. The loan is paid from the General and Sewer Operating Funds.

The Equipment Commercial Loan relates to the purchase of a tractor. The loan will be repaid in monthly installments of \$295, including interest, over five years. The loan is collateralized by the Equipment and is to be paid from the Street Construction, Maintenance, and Repair Fund.

The Ohio Public Works Commission Loan relates to upgrades necessary to comply with Environmental Protection Agency regulations. The loan will be repaid in semiannual installments of \$2,596, with no interest charges, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set rates at a sufficient level to repay the Ohio Public Works Commission.

The Ohio Water Development Authority Loan relates to upgrades necessary to comply with Environmental Protection Agency regulations. The loan will be repaid in semiannual installments of \$10,313, including interest, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set rates at a sufficient level to repay the Ohio Water Development Authority.

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

	<u>Municipal Building Mortgage Loan</u>	<u>Equipment Commercial Loan</u>	<u>Ohio Public Works Commission Loan</u>	<u>Ohio Water Development Authority Loan</u>
Year ending December 31:				
2004	\$1,632	\$3,536	\$5,192	\$20,627
2005		3,536	5,192	20,627
2006			5,192	20,627
2007			5,192	20,627
2008			5,192	20,627
2009 – 2013			12,980	103,134
2014				10,313
Total	<u>\$1,632</u>	<u>\$7,072</u>	<u>\$38,940</u>	<u>\$216,582</u>

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

Village officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Village of Beallsville
Monroe County
P.O. Box E
Beallsville, Ohio 43716

To the Village Council:

We have audited the accompanying financial statements of the Village of Beallsville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 26, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 2003-001 through 2003-005. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 26, 2004.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-006 through 2003-008.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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 believe none of the reportable conditions described above is a material weakness.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 26, 2004

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2003-001

Finding for Recovery – Repaid Under Audit

Village of Beallsville Ordinance No. 166 provides, in part, that a 15% penalty will be added to all sewer disposal bills not paid by the due date. The Village Clerk/Treasurer, as part of her regular duties, performs the customer billings and collections of the sewer disposal system. During the period, the Village Clerk/Treasurer was not current on her own sewer bill and maintained a delinquent balance on her account. In December 2002, the Village Clerk/Treasurer suspended the 15% penalty on her sewer account without prior approval of the Village Council. The total accumulated penalties for the period December 2002 through January 2004 on the Clerk/Treasurer's sewer account amounted to \$2,710.40.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Michelle Hamilton, Village of Beallsville Clerk/Treasurer, in the amount of two thousand seven hundred ten dollars and forty cents (\$2,710.40), in favor of the Village of Beallsville's Sewer Operating Fund.

On February 18, 2004, the Village Clerk/Treasurer paid \$2,710.40 with check numbers 1561 and 1099, which were deposited into the Village of Beallsville general checking account on February 19, 2004 and receipted into the Village of Beallsville Sewer Operating Fund.

Our office discovered after the payment of \$2,710.40 was made by the Clerk/Treasurer, the finding amount should have been only \$2,443.87. As a result, the Village Clerk/Treasurer overpaid the finding amount by \$266.53. The Village intends to repay the Clerk/Treasurer the amount of over payment.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 733.28 provides, in part, that the Village Clerk/Treasurer shall keep the books of the Village, exhibit accurate statements of all monies received and expended, of all the property owned by the Village and the income derived therefrom, and of all taxes and assessments. In addition, the Auditor of State provided, through Auditor of State Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on-behalf-of grants or loans including Ohio Public Works Commission monies.

The Village Clerk/Treasurer did not record \$31,806 of Ohio Public Works Commission grant transactions on their 2003 accounting records or financial statements, in the Issue II, Capital Projects Fund. Adjustments were made to the accompanying financial statements to reflect this activity.

We recommend the Village refer to Audit Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all Ohio Public Works Commission monies expended directly to contractors on-behalf-of the Village.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate of estimated resources must be obtained from the budget commission if the legislative authority intends to appropriate and expend revenue in excess of the original amendment of estimated resources.

Grant proceeds were received and spent on behalf of the Village for the Issue II Fund in 2003 and the Sewer Operating Fund in 2002; however, amended certificates of estimate resources were not obtained and supplemental appropriations were not passed by Village Council.

We recommend the Village Clerk/Treasurer request an amended certificate of estimated resources and Village Council pass supplemental appropriations for all on-behalf-of grants to be received and spent by the Village.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) allows no subdivision or taxing unit to expend money unless it has been appropriated.

The Issue II Fund had \$31,806 in expenditures exceeding appropriations at December 31, 2003, as a result of posting a required audit adjustment to record on-behalf-of grant disbursements.

We recommend Village Council pass supplemental appropriations for on-behalf-of grant disbursements.

FINDING NUMBER 2003-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount thereon.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-005 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D) (Continued)

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/she is completing his/her 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 (which was increased to \$3,000 on April 7, 2003) 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 Clerk/Treasurer's prior certification of available funds was not obtained for 38% of transactions tested and there was no evidence of a "Then and Now" certificate being used by the Village Clerk/Treasurer.

We recommend Village officials or employees obtain the Village Clerk/Treasurer's prior certification of available funds for all disbursements as obligations are incurred.

FINDING NUMBER 2003-006

Reportable Condition - Monitoring of Delinquent Sewer Accounts

Village Council is responsible for monitoring sewer services provided to Village residents. They receive financial information from the Village Clerk/Treasurer (Utility Clerk) at their monthly meetings, however, a list of delinquent sewer accounts was not provided. As a result of not receiving this information, Village Council may be making uninformed decisions regarding their sewer operations, needed revenues may not be readily available, and appropriate actions may not be taken in regards to outstanding customer accounts. Also as a result of not formally monitoring delinquent accounts, one Village Council member and the Village Clerk/Treasurer (Utility Clerk) had delinquent balances during the period. The Village Council member's bill accurately reflected interest and penalty charges resulting from overdue payments; however, the Village Clerk/Treasurer (Utility Clerk) suspended the fifteen percent (15%) penalty without Village Council's authorization. This resulted in a Finding for Recovery being issued for delinquent charges not being accurately assessed. (See Finding No. 2003-001) Had Village Council received delinquent account information, this situation could have been addressed and/or avoided.

We recommend the Village Clerk/Treasurer (Utility Clerk) provide, at least, a summary of delinquent account information to Village Council monthly and a complete listing of all delinquent accounts at least quarterly.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-007

Reportable Condition - Receipt Classifications and Posting

Several receipts were not posted into accurate revenue classifications based on the source of the receipt.

As a result, several reclassification entries were prepared to post these revenues into the correct receipt classifications. This situation could also result in inaccurate financial information being distributed to Village officials.

We recommend the Village Clerk/Treasurer consult Ohio Administrative Code Section 117-9-01 and/or the Village Officer's Handbook when monies are received, to help ensure these transactions are posted to the appropriate receipt classification and accurate financial statements are prepared.

FINDING NUMBER 2003-008

Reportable Condition - Budgetary Financial Statements

Budgeted receipt and expenditure amounts posted to the Village computer system did not always agree to source documents, such as the Certificate of Estimated Resources and the Appropriations Resolution.

As a result, information available for Village officials to monitor year-to-date total comparisons of estimated resources versus actual receipts and appropriations versus expenditures was not accurate.

We recommend estimated resources and appropriations be posted to the computer system as received from the County Budget Commission and approved by Village Council.

VILLAGE OF BEALLSVILLE
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-31056-001	Ohio Rev. Code Section 5705.41(D) for not properly encumbering.	No	Not Corrected; Repeated as Finding No. 2003-005.

This Page is Intentionally Left Blank.



**Auditor of State
Betty Montgomery**

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 BEALLSVILLE

MONROE 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 27, 2004**