

VILLAGE OF BELOIT
MAHONING COUNTY

AUDITED FINANCIAL STATEMENTS AND
AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 - 2004



**Auditor of State
Betty Montgomery**

Village Council
Village of Beloit
17823 East Fifth St.
Beloit, Ohio 44609

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, 2003 to December 31, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 27, 2005

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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, 2003 and 2004, 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 using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements presented for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in its financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Beloit, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated July 13, 2005 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is in 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.

July 13, 2005

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, 2003

	GOVERNMENTAL FUND TYPES			TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMO- RANDUM ONLY)
<u>CASH RECEIPTS:</u>				
Property and Other Local Taxes	\$ 43,490	\$ 55,926	\$ -	\$ 99,416
Intergovernmental Receipts	9,072	28,951	-	38,023
Special Assessments	-	9,819	-	9,819
Charges for Services	-	53,608	-	53,608
Earnings on Investments	2,512	977	-	3,490
Miscellaneous	9,708	38,354	-	48,062
Total Cash Receipts	64,782	187,636	-	252,417
<u>CASH DISBURSEMENTS:</u>				
Current:				
Security of Persons and Property	-	102,361	-	102,361
Public Health Service	1,892	-	-	1,892
Basic Utility Services	3,433	-	-	3,433
Transportation	-	28,556	-	28,556
General Government	55,098	-	-	55,098
Debt Service:				
Principal Payments	-	7,314	-	7,314
Interest Payments	-	1,680	-	1,680
Total Disbursements	60,423	139,912	-	200,334
Receipts Over (Under) Disbursements	4,359	47,724	-	52,083
<u>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</u>				
Transfers Out	(1,737)	-	-	(1,737)
Total Other Financing Receipts (Disbursements):	(1,737)	-	-	(1,737)
Excess of Cash Receipts and Other Financing and Other Financing Disbursements	2,622	47,724	-	50,346
Fund Cash Balance - January 1, 2003	73,720	238,150	392	312,262
Fund Cash Balance - December 31, 2003	\$ 76,342	\$ 285,874	\$ 392	\$ 362,608

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
FOR THE YEAR ENDED DECEMBER 31, 2003

	PROPRIETARY FUND
	ENTERPRISE
OPERATING CASH RECEIPTS:	
Charges for Services	\$ 165,324
Total Operating Cash Receipts	165,324
OPERATING CASH DISBURSEMENTS:	
Personal Services	3,267
Employee Fringe Benefits	387
Contractual Services	98,452
Materials and Supplies	4,584
Capital Outlay	3,088
Total Operating Cash Disbursements	109,778
Operating Income	55,546
NONOPERATING CASH RECEIPTS/(DISBURSEMENTS)	
Miscellaneous Receipts	42
Debt Service	(42,596)
Total Nonoperating Cash Disbursements	(42,554)
Net Income (Loss) before Transfers	12,992
Transfers In	1,737
Net Income	14,729
Fund Cash Balance - January 1, 2003	260,282
Fund Cash Balance - December 31, 2003	\$ 275,011

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, 2004

	GOVERNMENTAL FUND TYPES			TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMO- RANDOM ONLY)
<u>CASH RECEIPTS:</u>				
Property and Other Local Taxes	\$ 43,272	\$ 78,308	\$ -	\$ 121,580
Intergovernmental Receipts	7,818	35,142	-	42,960
Special Assessments	-	2,813	-	2,813
Charges for Services	-	64,377	-	64,377
Earnings on Investments	3,572	257	-	3,829
Miscellaneous	9,376	60,211	-	69,586
Total Cash Receipts	64,038	241,107	-	305,145
<u>CASH DISBURSEMENTS:</u>				
Current:				
Security of Persons and Property	5,043	199,226	-	204,270
Public Health Service	2,491	-	-	2,491
Transportation	-	18,758	-	18,758
General Government	54,879	-	-	54,879
Debt Service:				
Principal Payments	-	7,494	-	7,494
Interest Payments	-	1,500	-	1,500
Total Cash Disbursements	62,414	226,979	-	289,393
Receipts Over (Under) Disbursements	1,624	14,128	-	15,752
<u>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</u>				
Transfers Out	(163)	-	-	(163)
Total Other Financing Receipts (Disbursements):	(163)	-	-	(163)
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	1,461	14,128	-	15,589
Fund Cash Balance - January 1, 2004	76,342	285,874	392	362,608
Fund Cash Balance - December 31, 2004	\$ 77,803	\$ 300,002	\$ 392	\$ 378,197

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
FOR THE YEAR ENDED DECEMBER 31, 2004

	PROPRIETARY FUND
	ENTERPRISE
OPERATING CASH RECEIPTS:	
Charges for Services	\$ 157,781
Total Operating Cash Receipts	157,781
OPERATING CASH DISBURSEMENTS:	
Personal Services	3,163
Employee Fringe Benefits	435
Contractual Services	107,347
Materials and Supplies	7,204
Other	3,200
Total Operating Cash Disbursements	121,349
Operating Income (Loss)	36,432
NONOPERATING CASH RECEIPTS/(DISBURSEMENTS):	
Miscellaneous Receipts	5,854
Debt Service	(42,784)
Total Nonoperating Cash Disbursements	(36,930)
Net Income (Loss) before Transfers	(498)
Transfers In	163
Net Income (Loss)	(335)
Fund Cash Balance - January 1, 2004	275,011
Fund Cash Balance - December 31, 2004	\$ 274,676

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

VILLAGE OF BELOIT
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2004

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, 2003 AND 2004
(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, 2003 AND 2004
(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.

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.

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.

VILLAGE OF BELOIT
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2004
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

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, 2003, 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, 2003 AND 2004
(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 2004 and 2003 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>2004</u>	<u>2003</u>
Demand Deposits	\$ 457,017	\$ 444,238
STAR Ohio	<u>195,856</u>	<u>193,381</u>
Total deposits and investments	<u>\$ 652,873</u>	<u>\$ 637,619</u>

VILLAGE OF BELOIT
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2004
(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, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 51,811	\$ 64,038	\$ 12,227
Special Revenue	167,833	241,107	73,274
Enterprise	<u>162,700</u>	<u>163,798</u>	<u>1,098</u>
Total	<u>\$ 382,344</u>	<u>\$ 468,943</u>	<u>\$ 86,599</u>

VILLAGE OF BELOIT
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2004
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 122,335	\$ 62,577	\$ 59,758
Special Revenue	390,257	226,979	163,278
Debt Service	392	-	392
Enterprise	<u>405,142</u>	<u>164,133</u>	<u>241,009</u>
Total	<u>\$ 918,126</u>	<u>\$ 453,689</u>	<u>\$ 464,437</u>

2003 Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 64,360	\$ 64,782	\$ 422
Special Revenue	180,111	187,636	7,524
Enterprise	<u>160,661</u>	<u>165,324</u>	<u>4,663</u>
Total	<u>\$ 405,132</u>	<u>\$ 417,742</u>	<u>\$ 12,609</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 137,531	\$ 62,160	\$ 75,371
Special Revenue	447,498	139,912	307,586
Debt Service	392	-	392
Enterprise	<u>390,942</u>	<u>152,374</u>	<u>238,568</u>
Total	<u>\$ 976,363</u>	<u>\$ 354,446</u>	<u>\$ 621,917</u>

VILLAGE OF BELOIT
MAHONING COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2004
(Continued)

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2004 follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Revenue Bonds	\$ 106,000	4.00%
Fire Truck Notes	24,103	5.25%
OWDA Sewer Revenue Bonds	<u>54,787</u>	6.25%
Total	<u>\$ 184,890</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, 2003 AND 2004
(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>
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
2008	20,594	-	-	20,594
2009	20,775	-	-	20,775
2010	<u>20,910</u>	<u>-</u>	<u>-</u>	<u>20,910</u>
Total	<u>\$ 122,425</u>	<u>\$ 26,982</u>	<u>\$ 88,187</u>	<u>\$ 210,612</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, 2003 AND 2004
(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	\$ 4,296,590
Commercial/Industrial	1,185,570
Public Utilities	6,550
Tangible Personal Property - 2002 Valuation	
General	504,064
Public Utilities	<u>509,410</u>
Total Valuation	<u>\$ 6,502,184</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 2003 and 2004, 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, 2003 AND 2004
(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, 2003 and 2004, and have issued our report thereon dated July 13, 2005 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 13, 2005.

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

**Village of Beloit
Mahoning County**

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 July 13, 2005.

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.

July 13, 2005

Nagel, Weigand & Company, LLC

VILLAGE OF BELOIT
MAHONING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2003 AND 2004

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, 2003 AND 2004

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on July 13, 2005:

Eric Augustein	Mayor
Judy Frasher	Fiscal Officer
Tim Filp	Council Member

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**

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 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
NOVEMBER 10, 2005**