

**VILLAGE OF BEALLSVILLE
MONROE COUNTY
Regular Audit
December 31, 2005 and 2004**



**Auditor of State
Betty Montgomery**

Village Council
Village of Beallsville
43057 Ohio Avenue
P.O. Box E
Beallsville, Ohio 43716

We have reviewed the *Independent Accountants' Report* of the Village of Beallsville, Monroe County, prepared by Perry and Associates, Certified Public Accountants, A.C., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Beallsville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 25, 2006

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**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type - For the Year Ended December 31, 2005	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type - For the Year Ended December 31, 2004	6
Notes to the Financial Statements	7-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13-14
Schedule of Findings	15-19
Schedule of Prior Audit Findings	20

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Perry & Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

July 25, 2006

Village of Beallsville
Monroe County
43057 Ohio Avenue
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, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 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 the 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 years ended December 31, 2005 and 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, 2005 and 2004 or their changes in financial position 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 Beallsville, Monroe County, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 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 our report dated July 25, 2006, 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 grant agreements and other matters. 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 an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted

Perry and Associates
Certified Public Accountants, A.C.

**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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 21,903		\$ 21,903
Intergovernmental Receipts	14,565	17,969	32,534
Earnings on Investments	451	119	570
Miscellaneous	298	25	323
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,217	18,113	55,330
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,052		6,052
Public Health Services	2,586		2,586
Leisure Time Activities	660		660
Basic Utility Services	252		252
Transportation	12	11,123	11,135
General Government	13,281		13,281
Debt Service:			
Principal Payments		3,386	3,386
Interest and Fiscal Charges		98	98
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	22,843	14,607	37,450
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	14,374	3,506	17,880
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	19,466	11,159	30,625
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 33,840</u>	<u>\$ 14,665</u>	<u>\$ 48,505</u>

**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, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 81,747
Total Operating Cash Receipts	81,747
Operating Cash Disbursements:	
Personal Services	21,570
Employee Fringe Benefits	4,483
Contractual Services	37,448
Supplies and Materials	1,000
Total Operating Cash Disbursements	64,501
Operating Income/(Loss)	17,246
Non-Operating Cash Receipts/(Disbursements):	
Miscellaneous Receipts	4,100
Principal payments on Debt	(22,040)
Interest and Other Fiscal Charges	(3,789)
Total Non-Operating Receipts/(Disbursements)	(21,729)
Net Receipts Over/(Under) Disbursements	(4,483)
Fund Cash Balances, January 1	42,825
Fund Cash Balances, December 31	\$ 38,342

**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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 20,504		\$ 20,504
Intergovernmental Receipts	20,598	18,305	38,903
Earnings on Investments	432	71	503
Miscellaneous	200		200
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,734	18,376	60,110
Cash Disbursements:			
Current:			
Security of Persons and Property	7,310		7,310
Public Health Services	2,644		2,644
Leisure Time Activities	917		917
Community Environment	1,779		1,779
Basic Utility Services	376		376
Transportation	91	11,812	11,903
General Government	18,765		18,765
Capital Outlay	3,810		3,810
Debt Service:			
Principal Payments		3,256	3,256
Interest and Fiscal Charges		280	280
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,692	15,348	51,040
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	6,042	3,028	9,070
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	13,424	8,131	21,555
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 19,466	\$ 11,159	\$ 30,625

**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, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 83,215
Total Operating Cash Receipts	83,215
Operating Cash Disbursements:	
Personal Services	22,982
Employee Fringe Benefits	4,332
Contractual Services	28,289
Total Operating Cash Disbursements	55,603
Operating Income/(Loss)	27,612
Non-Operating Cash Receipts/(Disbursements):	
Miscellaneous Receipts	184
Principal payments on Debt	(22,646)
Interest and Other Fiscal Charges	(4,144)
Total Non-Operating Receipts/(Disbursements)	(26,606)
Net Receipts Over/(Under) Disbursements	1,006
Fund Cash Balances, January 1	41,819
Fund Cash Balances, December 31	\$ 42,825

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 governmental services, including sewer utilities, the maintenance of roads, park operations, and fire protection services. The Village contracts with the Monroe County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Beallsville Volunteer Fire Department to provide fire protection.

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 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. 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 Funds

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 has 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.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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 sewer utility. This fund also maintains the water lines within the Village.

D. 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 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 2005 and 2004 budgetary activity appears in Note 3.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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. The carrying amount of cash at December 31 was as follows:

	2005	2004
Demand deposits	\$71,913	\$59,053
Investments	14,934	14,397
Total deposits	\$86,847	\$73,450

Deposits are entirely insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,146	\$37,217	(\$2,929)
Special Revenue	21,053	18,113	(2,940)
Enterprise	85,711	85,847	136
Total	\$146,910	\$141,177	(\$5,733)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,612	\$22,843	\$36,769
Special Revenue	30,012	14,607	15,405
Enterprise	115,352	90,330	25,022
Total	\$204,976	\$127,780	\$77,196

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,384	\$41,734	\$350
Special Revenue	17,703	18,376	673
Enterprise	85,426	83,399	(2,027)
Total	<u>\$144,513</u>	<u>\$143,509</u>	<u>(\$1,004)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,219	\$35,692	\$13,527
Special Revenue	24,334	15,348	8,986
Enterprise	112,878	82,393	30,485
Total	<u>\$186,431</u>	<u>\$133,433</u>	<u>\$52,998</u>

4. PROPERTY TAXES

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. The second half payment is due the following June 20.

Tangible personal property taxes are 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. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Comm. Loan	\$ 28,557	0.00%
Ohio Water Develop. Auth. Loan	159,116	2.20%
Total	<u>\$187,673</u>	

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan was entered into in 1991, to make necessary upgrades to comply with Environmental Protection Agency. The loan will be repaid in semiannual installments of \$2,596.08 over 20 years.

The Ohio Water Development Authority loan relates to a water line project started in 2002, to make necessary upgrades to comply with Environmental Protection Agency. The loan will be repaid in semiannual installments of \$10,313.41 over 12 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

<u>Year ending December 31:</u>	<u>Ohio Water Deve. Auth.</u>	<u>OPWC Loan</u>
2006	\$ 20,627	\$ 5,192
2007	\$ 20,627	\$ 5,192
2008	\$ 20,627	\$ 5,192
2009	\$ 20,627	\$ 5,192
2010	\$ 20,627	\$ 5,192
2011-2014	\$ 72,194	\$ 2,597
Total	<u>\$ 175,329</u>	<u>\$ 28,557</u>

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

Some officials of the Village have opted to pay into the Social Security System instead of joining the Public Employees Retirement System (PERS) of Ohio.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

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.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal and state governments. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Perry & Associates
Certified Public Accountants, A.C.

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428 Second Street
Marietta, OH 45750
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

July 25, 2006

Village of Beallsville
Monroe County
43057 Ohio Avenue
Beallsville, Ohio 43716

To the Village Council:

We have audited the financial statements of the Village of Beallsville, Monroe County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 25, 2006, 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 the Comptroller General of the United States', *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine 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. The reportable conditions are described in the accompanying Schedule of Findings as items 2005-003 through 2005-008. In a separate letter to the Township's management dated July 25, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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. We do not consider Findings 2005-003 through 2005-006 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 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 2005-001 and 2005-002. In a separate letter to the Village's management dated July 25, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Board of Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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 Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 25% of the expenditures tested during 2005 and 29% tested during 2004 and there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-001 (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – Management chose to not respond.

FINDING NUMBER 2005-002

Noncompliance Citation

26 Code of Federal Regulations Section 1.6041-2 provides that wages, as defined in 26 United States Code Section 3401 should be reported on a Form W-2, or "all other payments of compensation" are to be reported on a form 1099". 26 United States 3402 states "...every employer making payment of wages shall deduct and withhold upon such wages as determined in accordance with the tables or computation procedures prescribed by the Secretary of the Treasury".

The Village did not issue an IRS Form 1099 to Glen W. Stadler for independent contractor services rendered during 2004.

The Township should issue a Form 1099 to all independent, unincorporated contractors to whom the Township pays \$600 or more in a given calendar year.

FINDING NUMBER 2005-003

Reportable Condition

Voucher Supporting Documentation

During our test of disbursements, 14% of vouchers tested in 2005 did not have supporting documentation, such as an invoice. Our tests and scan of vouchers indicated that invoices were not consistently a part of the voucher package. Not requiring supporting documentation to accompany voucher packages could result in unauthorized purchases and/or duplicate payments.

We recommend that all voucher packages contain supporting documentation. Voucher packages not containing supporting documentation should not be approved as ready for payment by the Council.

Management's Response – Management chose to not respond.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-004

Reportable Condition

Late Fees and Interest

During 2004 and 2005 the Village incurred and paid late payment fees and interest on debt. In addition, these expenditures were not classified in a separate account to reflect the fees and interest.

This resulted in the Village paying late fees, penalties and interest. This could also result in the financial institution refusing to do business with the Village due to frequent late payments.

We recommend the clerk ensure payments are made timely to vendors.

Management's Response – Management chose to not respond.

FINDING NUMBER 2005-005

Reportable Condition

Posting Receipts and Expenditures

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2004 and 2005, several receipts and expenditures were not posted into accurate revenue classifications based on the source of the receipt or expenditure. For example, grant revenues were not posted into the correct receipt classification. In addition, the expenditures for the debt payments were posted to other debt service account which classified these expenditures as interest rather than principal/interest payments. This resulted in several reclassification entries being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – Management chose to not respond.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-006

Reportable Condition

Approval of Timesheets

During our testing of payroll, no evidence could be found to indicate employee timesheets were reviewed and approved by a supervisor or by Village Council prior to submission and payment. This condition could result in employees being inaccurately paid.

We recommend that all employee payroll timesheets be reviewed and approved by a supervisor and/or trustee prior to payment being issued. This approval should be indicated by the supervisor/trustee initialing the timesheet.

Management's Response – Management chose to not respond.

FINDING NUMBER 2005-007

Reportable Condition

Village Council Minutes

The minutes serve as the official actions taken by the legislative authority of the Village. During our review of the minute record, we noted the Village's minute record was silent and/or vague concerning various Village matters. We were aware of various budgetary actions and other pertinent Village information that was not noted in the minutes.

We recommend the Clerk take detailed minutes that would permit the public to understand and appreciate the rationale behind the relevant public body's decisions. Council should approve all pertinent budgetary actions performed by the Clerk. Council should also review and approve the bank reconciliations and a detailed listing of expenditures on a monthly basis and reflect the approval of these items in the minutes. Once the minutes have been approved at the subsequent meeting, they should be signed and authenticated by Council President and Village Clerk.

Management's Response – Management chose to not respond.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-008

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 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.

We recommend the Village 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.

Management's Response – Management chose to not respond.

**VILLAGE OF BEALLSVILLE
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Finding for Recovery – Clerk suspended late fee on her personal sewer account that was past due.	Yes	N/A
2003-002	Ohio Rev. Code 733.28 – did not record grant monies received in 2003	Yes	N/A
2003-003	Ohio Rev. Code 5705.36 – Amended certificates of estimated resources should be amended if village plans on expending the monies	No	Repeated in Management Letter
2003-004	Ohio Rev. Code 5705.41(B) – no unit shall expend monies unless it has been appropriated	Yes	N/A
2003-005	Ohio Rev. Code 5705.41(D) – not properly encumbering expenditures	No	Repeated – Finding 2005-001
2003-006	Monitoring of delinquent sewer accounts by council	No	Repeated – Finding 2005-008
2003-007	Receipt posting to proper revenue account line item	Partially	Recommendation in Management Letter
2003-008	Budget receipt and expenditures do not match Amended Certificates	No	Repeated in Management Letter



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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
OCTOBER 5, 2006**