



Mary Taylor, CPA
Auditor of State

VILLAGE OF BELLE VALLEY
NOBLE COUNTY

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Mary Taylor, CPA

Auditor of State

Village of Belle Valley
Noble County
P.O. Box 206
Belle Valley, Ohio 43717

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

July 26, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Belle Valley
Noble County
P.O. Box 206
Belle Valley, Ohio 43717

To the Village Council:

We have audited the accompanying financial statements of the Village of Belle Valley, Noble County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e., major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years 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 Belle Valley, Noble County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 26, 2007, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 26, 2007

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$10,221				\$10,221
Intergovernmental	16,352	\$10,494			26,846
Charges for Services	2,499				2,499
Earnings on Investments	40	44			84
Miscellaneous	4,464			\$305	4,769
	<u>33,576</u>	<u>10,538</u>	<u>\$0</u>	<u>305</u>	<u>44,419</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	3,379				3,379
Community Environment		8,704			8,704
Basic Utility Service	782				782
Transportation	5,971				5,971
General Government	8,144				8,144
Capital Outlay	15,440	13,283			28,723
	<u>33,716</u>	<u>21,987</u>	<u>0</u>	<u>0</u>	<u>55,703</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	(140)	(11,449)	0	305	(11,284)
Fund Cash Balances, January 1	1,376	15,105	217	148	16,846
Fund Cash Balances, December 31	<u><u>\$1,236</u></u>	<u><u>\$3,656</u></u>	<u><u>\$217</u></u>	<u><u>\$453</u></u>	<u><u>\$5,562</u></u>

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

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$10,267				\$10,267
Intergovernmental	16,470	\$30,387			46,857
Charges for Services	2,251				2,251
Earnings on Investments	71	26			97
Miscellaneous	2,851				2,851
	<u>31,910</u>	<u>30,413</u>	<u>\$0</u>	<u>\$0</u>	<u>62,323</u>
Total Cash Receipts					
	<u>31,910</u>	<u>30,413</u>	<u>\$0</u>	<u>\$0</u>	<u>62,323</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	2,896				2,896
Community Environment	895				895
Basic Utility Service	5,826				5,826
Transportation	4,464				4,464
General Government	17,895	17,863			35,758
	<u>31,976</u>	<u>17,863</u>	<u>0</u>	<u>0</u>	<u>49,839</u>
Total Cash Disbursements					
	<u>31,976</u>	<u>17,863</u>	<u>0</u>	<u>0</u>	<u>49,839</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(66)</u>	<u>12,550</u>	<u>0</u>	<u>0</u>	<u>12,484</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Transfers-In	1,179	4,422			5,601
Transfers-Out		(5,601)			(5,601)
	<u>1,179</u>	<u>(1,179)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)					
	<u>1,179</u>	<u>(1,179)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,113</u>	<u>11,371</u>	<u>0</u>	<u>0</u>	<u>12,484</u>
Fund Cash Balances, January 1	<u>263</u>	<u>3,734</u>	<u>217</u>	<u>148</u>	<u>4,362</u>
Fund Cash Balances, December 31	<u><u>\$1,376</u></u>	<u><u>\$15,105</u></u>	<u><u>\$217</u></u>	<u><u>\$148</u></u>	<u><u>\$16,846</u></u>

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

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Belle Valley, Noble County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including maintenance of streets, fire protection and trash collection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 license tax money for constructing, maintaining, and repairing Village streets.

Miscellaneous Special Revenue – This fund receives state and federal monies from the Federal Emergency Management Association for flood disaster.

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following Debt Service Fund:

Debt Service – This fund was used to retire debt; however there was no activity in this fund during the audit period.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Storm Sewer Project Fund – This fund received a grant from the Ohio Department of Public Works for the construction of a storm sewer system in 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 Village 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 individual 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 2006 and 2005 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash

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

	2006	2005
Demand deposits	\$5,562	\$16,846

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,141	\$33,576	\$9,435
Special Revenue	9,250	10,538	1,288
Capital Projects	0	305	305
Total	\$33,391	\$44,419	\$11,028

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,500	\$33,716	(\$11,216)
Special Revenue	20,065	21,987	(1,922)
Total	\$42,565	\$55,703	(\$13,138)

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,010	\$33,089	\$1,079
Special Revenue	29,169	34,835	5,666
Total	\$61,179	\$67,924	\$6,745

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,750	\$31,976	(\$226)
Special Revenue	9,405	23,464	(14,059)
Total	\$41,155	\$55,440	(\$14,285)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$225, in the Street Construction Maintenance and Repair Fund by \$3,312 and the FEMA Fund by \$11,747 for the year ended December 31, 2005. In addition expenditures exceeded appropriation authority in the General Fund by \$11,146 and in the Street Construction and Maintenance Fund by \$3,045 for the year ended December 31, 2006.

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. Property Tax

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

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

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

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

5. Retirement System

The Village's employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Village of Belle Valley
Noble County
P.O. Box 206
Belle Valley, Ohio 43717

To the Village Council:

We have audited the financial statements of the Village of Belle Valley, Noble County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 26, 2007, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated July 26, 2007.

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 or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2007.

We intend this report solely for the information and use of the management and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 26, 2007

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

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

At December 31, 2005, expenditures exceeded appropriations in the following funds:

Fund	Approved Appropriations	Actual Expenditures	Variance
General	\$31,750	\$31,975	(\$225)
Street	8,000	\$11,312	(\$3,312)
FEMA	\$405	\$12,152	(\$11,747)

At December 31, 2006, expenditures exceeded appropriations in the following funds:

Fund/Line Item	Approved Appropriations	Actual Expenditures	Variance
General	\$22,500	\$33,646	(\$11,146)
Street	\$10,000	\$13,045	(\$3,045)

There were also several line items in at December 31, 2006 and December 31, 2005 where expenditures exceeded appropriations.

This resulted in these funds expending more than was appropriated.

The Village Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Village Clerk may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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. 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.

VILLAGE OF BELLE VALLEY
NOBLE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

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

FINDING NUMBER 2006-002
(Continued)

Noncompliance Citation and Significant Deficiency (Continued)

1. **“Then and Now” Certificate** - If the fiscal officer 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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 so-called “blanket” certificates not running beyond the current fiscal 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. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, 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 exceed 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 five percent of the expenditures tested in 2005 and for 21 percent of the expenditures tested in 2006, and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 the Village 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.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

**VILLAGE OF BELLE VALLEY
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

During 2005, the Village Clerk posted line item appropriation amendments to various funds. However, these amendments were not approved by the Village Council in the minutes, nor certified to the County Auditor. Variances existed between the amount approved by the legislative body and the amount posted to the accounting system as follows:

Fund	Account Description	Approved Appropriations	Appropriations per the Village ledger	Variance
<i>General Fund</i>	Security – Street Lighting	3,000	2,896	104
	Community Environment	1,000	895	105
	Electric Service - School	400	58	342
	Electric Service – Municipal building	800	634	166
	Water Service	12,500	13,825	(1,325)
	Natural Gas	1,000	937	63
	Telephone Service	600	503	97
	Trash Removal	1,000	1,119	(119)
	Supplies/Mat'l Transportation	4,000	4,409	(409)
	Street Maint Salary	3,500	55	3,445
	Insurance	1,500	1,025	475
	Land & Building	1,000	2,456	(1,456)
	General Govt	1,100	870	230
	Bureau of Workers Comp	800	771	29
	Payroll taxes	350	299	51
	OPERS	2,100	2,061	39
	Supplies/travel (mayor)	100	96	4
	Supplies/travel (Fiscal Officer)	450	511	(61)
	Supplies/travel (Fiscal Officer)	450	511	(61)
	Supplies/travel (Council)	150	142	8
	Fees – County	400	444	(44)
	Audit Fees	2,500	1,466	1,034
	Legal Publishing	200	131	69
	Elections	0	223	(223)
	Miscellaneous	650	96	554
<i>Street Fund</i>	Salaries	8,000	11,312	(3,312)
<i>State Highway</i>	Supplies/Materials	500	367	133

VILLAGE OF BELLE VALLEY
NOBLE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2006-003
(Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Due to budgetary information being improperly entered into the appropriation ledger, the management of the Village lost some degree of budgetary control.

We recommend the Village Clerk accurately post appropriations as approved by the Village Council into the appropriation ledger and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

VILLAGE OF BELLE VALLEY

NOBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2007**