



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BELLE VALLEY  
NOBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	21

**This page intentionally left blank.**



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.

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

**Mary Taylor, CPA**  
Auditor of State

September 15, 2009

**This page intentionally left blank.**



# 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, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial 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, 2008 and 2007, 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 September 15, 2009, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 15, 2009



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, 2008**

	<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>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$8,989				\$8,989
Intergovernmental	17,316	\$84,911			102,227
Charges for Services	35				35
Earnings on Investments	22	14			36
Miscellaneous	5,578				5,578
Total Cash Receipts	<u>31,940</u>	<u>84,925</u>	<u>\$0</u>	<u>\$0</u>	<u>116,865</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	4,065	7,135			11,200
Community Environment	394	74,401			74,795
Basic Utility Service	4,566				4,566
Transportation	1,850				1,850
General Government	12,528	1,981			14,509
Total Cash Disbursements	<u>23,403</u>	<u>83,517</u>	<u>0</u>	<u>0</u>	<u>106,920</u>
Total Cash Receipts Over/(Under) Cash Disbursements	8,537	1,408	0	0	9,945
Fund Cash Balances, January 1	<u>(2,882)</u>	<u>10,945</u>	<u>217</u>	<u>453</u>	<u>8,733</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,655</u></b>	<b><u>\$12,353</u></b>	<b><u>\$217</u></b>	<b><u>\$453</u></b>	<b><u>\$18,678</u></b>

*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, 2007**

	<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>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$9,803				\$9,803
Intergovernmental	18,295	\$162,590			180,885
Charges for Services	2,921				2,921
Earnings on Investments	9	42			51
Miscellaneous	4,810				4,810
Total Cash Receipts	<u>35,838</u>	<u>162,632</u>	<u>\$0</u>	<u>\$0</u>	<u>198,470</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	3,701				3,701
Community Environment	395	148,393			148,788
Basic Utility Service	8,042				8,042
Transportation	9,327				9,327
General Government	18,491	6,950			25,441
Total Cash Disbursements	<u>39,956</u>	<u>155,343</u>	<u>0</u>	<u>0</u>	<u>195,299</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,118)	7,289	0	0	3,171
Fund Cash Balances, January 1	<u>1,236</u>	<u>3,656</u>	<u>217</u>	<u>453</u>	<u>5,562</u>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$2,882)</u></b>	<b><u>\$10,945</u></b>	<b><u>\$217</u></b>	<b><u>\$453</u></b>	<b><u>\$8,733</u></b>

*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, 2008 AND 2007**

**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 and fire protection.

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 and investments that are 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.

Hazard Mitigation Fund – This fund receives federal and state money to clean up the Village due to damage caused by flooding.

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt.

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**3. Debt Service Funds (Continued)**

The Village had the following significant 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 Projects 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.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. 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.

**2. Equity in Pooled Deposits**

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

	2008	2007
Demand deposits	\$18,678	\$8,733

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,420	\$31,940	(\$8,480)
Special Revenue	171,464	84,925	(86,539)
Total	\$211,884	\$116,865	(\$95,019)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$23,403	(\$23,403)
Special Revenue	0	83,517	(83,517)
Total	\$0	\$106,920	(\$106,920)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,000	\$35,838	\$3,838
Special Revenue	260,419	162,632	(97,787)
Capital Projects	74,600	0	(74,600)
Total	\$367,019	\$198,470	(\$168,549)

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,337	\$39,956	(\$11,619)
Special Revenue	256,263	155,343	100,920
Total	\$284,600	\$195,299	\$89,301

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$23,403, in the Street Construction Maintenance and Repair Fund by \$8,677, the State Highway Improvement Fund by \$439 and the Hazard Mitigation Fund by \$74,401 for the year ended December 31, 2008. In addition expenditures exceeded appropriation authority in the General Fund by \$11,619 in the General Fund for the year ended December 31, 2007.

Contrary to Ohio law, the Village did not obtain the clerk's prior certification before incurring obligations.

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85% respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

VILLAGE OF BELLE VALLEY  
NOBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)

**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.

**This page intentionally left blank.**





# 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, 2008 and 2007, and have issued our report thereon dated September 15, 2009, 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 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: 2008-004, 2008-006 and 2008-007.

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. However, we believe of the significant deficiencies described above, finding number 2008-004 is a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 15, 2009.

### **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 Standard*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-005.

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 September 15, 2009.

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

September 15, 2009

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

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

The Village did not adopt a temporary or permanent appropriation resolution in 2008; therefore, 100% of expenditures exceeded appropriations. The Village did pass a permanent appropriation in 2007. The following funds and appropriation accounts had expenditures which exceeded appropriations:

<u>2008</u>	<u>Current Year</u> <u>Appropriations</u>	<u>Actual</u> <u>Disbursements</u>	<u>Variance: Favorable</u> <u>(Unfavorable)</u>
General Fund	\$ 0	\$ 23,403	\$ (23,403)
Special Revenue			
Hazard Mitigation	\$ 0	\$ 74,401	\$ (74,401)
Street	\$ 0	\$ 8,677	\$ (8,677)
State Highway	\$ 0	\$ 439	\$ (439)
 <u>2007</u>			
General Fund	\$ 28,337	\$ 39,956	\$ (11,619)

The Fiscal Officer should deny payment requests that exceed appropriations. The Fiscal Officer may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources. For 2008 & 2007 the Village had ample actual receipts and unencumbered fund balances to have obtained an amended certificate to allow for supplemental appropriations.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Additionally, Ohio Rev. Code Section 5705.38(C) requires the following minimum level of budgetary control for subdivisions other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services."

The Village did not adopt temporary appropriations in 2007 and the permanent appropriation measure was not adopted until February 16, 2007. In 2008, the Village did not approve temporary or permanent appropriations. As a result, all expenditures between January 1, 2007 through February 15, 2007 and January 1, 2008 through December 31, 2008 lacked legal appropriation authority.

VILLAGE OF BELLE VALLEY  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

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

FINDING NUMBER 2008-002 (Continued)

**Noncompliance Citation – Ohio Rev. Code Section 5705.38(A) (Continued)**

We recommend the Village pass an appropriation measure on or about the first day of each year. If the Village adopts a temporary measure, they must adopt a permanent measure no later than April 1.

FINDING NUMBER 2008-003

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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.

**"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.

**Blanket Certificate** -- Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

VILLAGE OF BELLE VALLEY  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

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

FINDING NUMBER 2008-003 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

**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 100% of 2007 and 2008 tested disbursements, and there was no evidence that the Village followed the aforementioned exceptions. The Fiscal Officer's failure to properly certify the availability of funds can result in overspending.

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 Fiscal Officer 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 most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. 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. The Fiscal Officer should post approved purchase orders to the appropriation code, to reduce the available appropriation.

FINDING NUMBER 2008-004

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 733.28 requires the village clerk to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Per Ohio Admin. Code Section 117-2-02(D), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for such transactions to be recorded on this ledger.

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**FINDING NUMBER 2008-004 (Continued)**

**Noncompliance Citation and Material Weakness – Ohio Rev. Code Section 733.28 (Continued)**

3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

Using these accounting records will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village did not properly maintain the cash journal, appropriation ledger or receipt ledger during 2008 or 2007. It was noted during testing that the cash journal did not reconcile with the appropriation ledger or receipt ledger postings. It was also noted that monthly and yearly totals were not always maintained and, at times, the manual totals did not foot.

As a result, several audit adjustments were required to the financial statement amounts and budgetary noncompliance occurred. The Fiscal Officer made the adjustment to the accounting system and these financial statements.

We recommend the Fiscal Officer properly prepare the cash journal, appropriation ledger and receipt ledger to monitor compliance and prepare the annual reports.

**FINDING NUMBER 2008-005**

**Noncompliance Citation**

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

At December 31, 2007, the General Fund had a negative cash fund balance of \$2,882.

We recommend the Fiscal Officer monitor cash balances and ensure expenditures are made only from funds whose purpose is consistent with that expenditure's purpose.

**FINDING NUMBER 2008-006**

**Significant Deficiency**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

The Village did not post estimated receipts to its accounting system or compare budgeted receipts to actual results.

**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**FINDING NUMBER 2008-006 (Continued)**

**Significant Deficiency (Continued)**

We recommend the Fiscal Officer maintain the receipts ledger as set forth in Ohio Admin. Code Section 117-2-02(C)(1). Budgeted receipts should be posted to the accounting system so that management may effectively monitor the status of amounts anticipated to be received throughout the year. The amounts posted as budgeted receipts should represent the amounts estimated to be received during the year on the Village's Official Certificate of Estimated Resources.

**FINDING NUMBER 2008-007**

**Significant Deficiency**

The size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Village Council monitor financial activity closely.

During the audit of 2007 and 2008, we noted the following:

- Village Council did not receive and review financial reports at Council meetings in 2007 or 2008.
- No one other than the Fiscal Officer reviewed bank reconciliations.
- There were no processes or procedures in place to ensure the financial statements reflected all transactions occurring.
- There were no processes existed to identify unusual fluctuations between accounts or between fiscal years.
- There was no policy in place requiring more than just the Fiscal Officer to sign checks.

Lack of monitoring and segregation of duties resulted in several audit adjustments due to misclassification of receipts and disbursements in the financial statements and resulted in several budgetary citations because of the lack of monitoring of budget vs. actual information.

We recommend Village Council:

- Review financial reports and bank reconciliations on a monthly basis and evidence this review through signatures and documentation in the minute record.
- Create and enforce policies and procedures such as review of monthly financial reports and reconciliations by an individual other than the preparer.
- Require more than one signatory on checks
- Make appropriate inquiries to help determine the continued integrity of financial information.

Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained because of such reviews and inquiries will provide important data necessary for sound financial management of the Village.

VILLAGE OF BELLE VALLEY  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

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

FINDING NUMBER 2008-007 (Continued)

**Significant Deficiency (Continued)**

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



**VILLAGE OF BELLE VALLEY  
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Noncompliance citation of ORC 5705.41(B)	No	Repeated as finding 2008-001
2006-002	Noncompliance citation of ORC 5705.41 (D) (1)	No	Repeated as finding 2008-002
2008-003	Noncompliance citation of OAC 117-2-02 ( C ) (1)	N/A	Village Fiscal Officer did not post line item amendments to appropriations during the period under audit.





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 5, 2009