



**VILLAGE OF BELOIT
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BELOIT
MAHONING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Beloit
Mahoning County
17893 Fifth Street
Beloit, Ohio 44609

To the Village Council:

We have audited the accompanying financial statements of the Village of Beloit, Mahoning County, (the Village) as of and for the years ended December 31, 2000, and 1999. 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.

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of inadequacies in the Village's accounting records, we were unable to satisfy ourselves regarding charges for services receipts accounted for in the Emergency Medical Technicians (EMT) Fund. The EMT charges for services line item represents 65 percent of the reported charges for service in the special revenue fund type balances. The EMT Fund represents 28 percent of the reported special revenue fund type balances.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for such adjustment, if any, as might have been determined to be necessary had charges for services receipts accounted for in the EMT Fund been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

July 27, 2001

**VILLAGE OF BELOIT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$41,519	\$39,704		\$81,223
Intergovernmental Receipts	56,391	42,434		98,825
Charges for Services		58,861		58,861
Earnings on Investments	5,599	822		6,421
Miscellaneous	938	20,606		21,544
	<u>104,447</u>	<u>162,427</u>		<u>266,874</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	491	81,702		82,193
Public Health Services	1,785			1,785
Basic Utility Services	2,850			2,850
Transportation		81,302		81,302
General Government	76,156			76,156
Capital Outlay	30,000			30,000
Debt Service:				
Principal Payments		2,987		2,987
Interest Payments		1,513		1,513
	<u>111,282</u>	<u>167,504</u>		<u>278,786</u>
Total Disbursements				
	<u>111,282</u>	<u>167,504</u>		<u>278,786</u>
Total Receipts Over/(Under) Disbursements	<u>(6,835)</u>	<u>(5,077)</u>		<u>(11,912)</u>
Other Financing Receipts/(Disbursements):				
Advances-Out		(30,000)		(30,000)
		<u>(30,000)</u>		<u>(30,000)</u>
Total Other Financing Receipts/(Disbursements)				
		<u>(30,000)</u>		<u>(30,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(6,835)</u>	<u>(35,077)</u>		<u>(41,912)</u>
Fund Cash Balances January 1	<u>73,875</u>	<u>218,682</u>	<u>392</u>	<u>292,949</u>
Fund Cash Balances, December 31	<u>\$67,040</u>	<u>\$183,605</u>	<u>\$392</u>	<u>\$251,037</u>
Reserves for Encumbrances, December 31	<u>\$4,285</u>	<u>\$1,210</u>		<u>\$5,495</u>

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

**VILLAGE OF BELOIT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$162,472
Miscellaneous	24,846
	187,318
Operating Cash Disbursements:	
Personal Services	3,141
Fringe Benefits	384
Contractual Services	87,724
Supplies and Materials	1,108
Capital Outlay	6,020
	98,377
Total Operating Cash Disbursements	98,377
Operating Income/(Loss)	88,941
Non-Operating Cash Receipts:	
Special Assessments	1,183
Other non-operating receipts - Interest	8,556
	9,739
Total Non-Operating Cash Receipts	9,739
Non-Operating Cash Disbursements:	
Debt Service	42,919
Other Non-Operating Cash Disbursements	1,789
	44,708
Total Non-Operating Cash Disbursements	44,708
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	53,972
Advances-In	30,000
Net Receipts Over/(Under) Disbursements	83,972
Fund Cash Balances, January 1	129,929
Fund Cash Balances, December 31	\$213,901
Reserve for Encumbrances, December 31	\$277

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

**VILLAGE OF BELOIT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$43,911	\$34,089		\$78,000
Intergovernmental Receipts	17,234	45,679		62,913
Charges for Services		30,546		30,546
Fines, Licenses, and Permits		3,246		3,246
Earnings on Investments	3,348	1,455		4,803
Miscellaneous	16,918	16,543		33,461
	<u>81,411</u>	<u>131,558</u>		<u>212,969</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		46,412		46,412
Public Health Services		22,161		22,161
Transportation		13,857		13,857
General Government	58,105			58,105
Debt Service:				
Principal Payments		8,994		8,994
Interest Payments				
Capital Outlay	2,824			2,824
	<u>60,929</u>	<u>91,424</u>		<u>152,353</u>
Total Receipts Over/(Under) Disbursements	<u>20,482</u>	<u>40,134</u>		<u>60,616</u>
Fund Cash Balances January 1	<u>53,393</u>	<u>178,548</u>	<u>392</u>	<u>232,333</u>
Fund Cash Balances, December 31	<u>\$73,875</u>	<u>\$218,682</u>	<u>\$392</u>	<u>\$292,949</u>

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

**VILLAGE OF BELOIT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$150,026
Miscellaneous	243
	150,269
Operating Cash Disbursements:	
Personal Services	2,686
Contractual Services	85,934
Supplies and Materials	3,927
	92,547
Operating Income/(Loss)	57,722
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	
Special Assessments	1,059
Other non-operating receipts - Interest	6,460
	7,519
Non-Operating Cash Disbursements:	
Debt Service	41,583
	41,583
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	23,658
Net Receipts Over/(Under) Disbursements	23,658
Fund Cash Balances, January 1	106,271
Fund Cash Balances, December 31	\$129,929

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

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Beloit, Mahoning 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 water and sewer utilities, fire protection and police services. The Village contracts with Goshen Township to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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 Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Permissive Motor Vehicle License Fund - This fund receives Permissive Motor Vehicle License tax money for maintaining and repairing Village streets.

EMT Fund - This fund receives monies from customer subscriptions and billings for supplies, equipment and the operation of ambulance services.

Police Fund - This fund receives proceeds from a special levy for the general operation of the police department.

3. Debt Service Fund

This fund was used to accumulate resources for the payment of bonds and note indebtedness.

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 284,556	\$ 253,360
STAR Ohio	<u>180,382</u>	<u>169,518</u>
Total deposits and investments	<u>\$ 464,938</u>	<u>\$ 422,878</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 76,790	\$ 104,447	\$ 27,657
Special Revenue	114,526	162,427	47,901
Debt Service	0	0	0
Enterprise	<u>197,004</u>	<u>197,057</u>	<u>53</u>
Total	<u>\$ 388,320</u>	<u>\$ 463,931</u>	<u>\$ 75,611</u>

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 153,428	\$ 115,567	\$ 37,861
Special Revenue	332,483	168,714	163,769
Debt Service	392	0	392
Enterprise	306,718	143,362	163,356
Total	<u>\$ 793,021</u>	<u>\$ 427,643</u>	<u>\$ 365,378</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 0	\$ 81,411	\$ 81,411
Special Revenue	0	131,558	131,558
Debt Service	0	0	0
Enterprise	0	157,788	157,788
Total	<u>\$ 0</u>	<u>\$ 370,757</u>	<u>\$ 370,757</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,937	\$ 60,929	\$ 28,008
Special Revenue	142,543	91,424	51,119
Debt Service	388	0	388
Enterprise	288,000	134,130	153,870
Total	<u>\$ 519,868</u>	<u>\$ 286,483</u>	<u>\$ 233,385</u>

Legal Compliance

Pursuant to Section 117.11 of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state, and/or federal laws, as appropriate. The Village did not comply with Section 5707.41(D) regarding purchases made without proper certification; Section 5705.36 (A)(1) regarding certifying total available resources to the county auditor; and Section 5705.38 related to timely passage of appropriation measures.

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Sewer System Mortgage Revenue Bonds	\$ 156,506	4.44%
Fire Truck Notes	51,574	5.25%
OWDA Sewer Revenue Bonds	127,338	6.25%
Total	\$ 335,418	

The Sewer System Mortgage Revenue Bonds were originally issued in 1990 in the amount of \$240,000 for the purpose of improving, by construction and extension, the sanitary sewer collection, treatment and disposal system of the Village. This note is a direct obligation of the Village for which its full faith, credit and resources are pledged and is payable from the revenue generated by the sewer department.

The Fire Truck note was taken out to purchase a fire truck. This note is a direct obligation of the Village for which its full faith, credit and resources are pledged and is payable from the Fire Apparatus fund.

The Ohio Water Development Authority (OWDA) loan relates to the construction of a waste water facility. The OWDA approved \$334,795 in loans to the Village for this project. Of this total amount, \$325,000 was issued in 1969 and \$9,795 was issued in 1979. The loans will be repaid in semiannual installments of \$12,241, including interest, over 35 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BELOIT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT -(Continued)

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

Year ending December 31:	Sewer System Mortgage Revenue Bond	Fire Truck Loan	OWDA Sewer Loans	Totals
2001	\$ 18,949	\$ 8,994	\$ 24,482	\$ 52,425
2002	18,416	8,994	24,482	51,892
2003	18,883	8,994	24,482	52,359
2004	19,306	8,994	24,482	52,782
2005	19,684	8,994	24,482	53,160
Subsequent	<u>103,051</u>	<u>17,988</u>	<u>36,723</u>	<u>157,762</u>
Total	<u>\$ 198,289</u>	<u>\$ 62,958</u>	<u>\$ 159,133</u>	<u>\$ 420,380</u>

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

7. RELATED PARTY TRANSACTIONS

A village council member is part owner of a company that performed work for the Village, such as repairing and installing water lines and installing catch basins during the audit period. The Village paid a total of \$22,130 for this work in 1999 and 2000.



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

Village of Beloit
Mahoning County
17893 Fifth Street
Beloit, Ohio 44609

To the Village Council:

We have audited the financial statements of the Village of Beloit, Mahoning County (the Village), as of and for the years ended December 31, 2000, and 1999, and have issued our report thereon dated July 27, 2001, which was qualified due to the lack of documentation supporting the Emergency Medical Technicians (EMT) charges for services receipts accounted for in the EMT Fund. Except as noted in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-31150-001 to 2000-31150-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, 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. A reportable condition is described in the accompanying schedule of findings as item 2000-31150-004.

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 believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 27, 2001.

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

Jim Petro
Auditor of State

July 27, 2001

VILLAGE OF BELOIT
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31150-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of Council.

The Village did not certify funds when placing orders or making contracts in 1999. This occurred in 100% of the transactions tested. This lack of control over expenditures also undermines the Village's budget because purchases are made without knowledge of cash balances left in particular line items or funds.

The Village should utilize purchase orders to monitor appropriations on a consistent basis. In addition, we also recommend the Village clerk review and amend appropriations when it is determined that expenditures will exceed appropriations. The clerk should be informed of any and all purchases before they are made. This will ensure that purchase orders are completed prior to a purchase being made, as well as assuring that there are sufficient funds to cover the proposed purchase.

FINDING NUMBER 2000-31150-002

Noncompliance Citation

Ohio Revised Code § 5705.36 (A)(1), states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. However, reserve balance accounts established pursuant to Ohio Revised Code § 5705.13 (see Ohio Compliance Supplement, compliance requirement 1-25) for the following, are required to be excluded from the amount of unencumbered balances:

- Budget stabilization,
- Self-insurance programs,
- Retrospective ratings plans for Workers' Compensation,

FINDING NUMBER 2000-31150-002

(Continued)

In addition, the principal of a nonexpendable trust fund and any addition to the principal arising from sources other than the reinvestment of investment earnings to the fund that has been established for receiving donations and/or contributions pursuant to Ohio Revised Code § 5705.131 must also be excluded from the amount of unencumbered balances that are certified.

The Village did not certify the total amount from all sources which is available for expenditures from each fund until January 27, 2000 for 1999. In 2000, this certification was not completed until March 13, 2000 for 2000.

FINDING NUMBER 2000-31150-003

Noncompliance Citation

Ohio Revised Code § 5705.38 (A), states 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 April 1st.

The Village did not pass the annual appropriation measure for 1999 until December 27, 1999.

FINDING NUMBER 2000-31150-004

Material Weakness

During our review of EMT billings and receipts, we found the following deficiencies:

1. The Village is provided with a statement from Hale & Associates that shows only monthly account balances for each individual billed. Hale & Associates deposits the receipts, but these receipts did not show detail such as account number or invoice number and which payments make up the total deposit. For example, when an insurance company makes a payment on an account, the deposit slip only listed the name of the insurance company and not the name of the account being paid on. Many people have the same insurance company and there is no indication of which account(s) the insurance company is making payment on. Therefore, we could not determine which accounts were paid on, which people paid and if amounts were deposited in their entirety by Hale & Associates.
2. We noted a problem regarding the timely posting of EMT receipts by the Village Clerk. These receipts were posted several weeks to more than a month after the amount was deposited into the Village's account. This was only a problem in 1999 and has since been corrected.

To address the above deficiencies, we recommend that the Village request more detailed information from Hale & Associates regarding their EMT billings and receipts. Hale and Associates should list, on a monthly basis, the name of each person that made a payment, the date the person paid, and the date it was posted to Hale & Associates records.

FINDING NUMBER 2000-31150-004

(Continued)

We further recommend that when an insurance company makes a payment, Hale and Associates should provide the following information: the name of the insurance company, the date it was billed, the account being paid on, the date payment was received, and the date it was posted to Hale & Associates records. Given this detail, the total payments for the month should trace to the deposit slip and from the deposit slip to the revenue ledger, provided the Village Clerk makes timely postings of all receipts. The more detail Hale and Associates can provide will help the Village Clerk ensure that proper amounts are being deposited on the Village's behalf.



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VILLAGE OF BELOIT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 16, 2001**