



**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BELLVILLE  
RICHLAND COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Bellville  
Richland County  
142 Park Place  
Bellville, Ohio 44813

To the Village Council:

We have audited the accompanying financial statements of the Village of Bellville, Richland County, Ohio, (the Village) as of and for the year ended December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, 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, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2002, 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 grants. 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

April 30, 2002

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VILLAGE OF BELLVILLE  
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$174,588	\$493,908			\$668,496
Intergovernmental	76,929	71,930			148,859
Charges for Services		37,831			37,831
Fines, Licenses, and Permits	40,819				40,819
Earnings on Investments	6,985	3,830		\$99	10,914
Miscellaneous	37,250	11,675			48,925
<b>Total Cash Receipts</b>	<b>336,571</b>	<b>619,174</b>	<b>0</b>	<b>99</b>	<b>955,844</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	224,877	1,516			226,393
Public Health Services		74,426			74,426
Leisure Time Activities		5,509			5,509
Transportation		295,838			295,838
General Government	254,413	36,101			290,514
Debt Service:					
Principal Payments	900,000				900,000
Interest Payments	5,440				5,440
Other Debt-Service Payments	7,225				7,225
Capital Outlay	9,967	12,444	\$168		22,579
<b>Total Cash Disbursements</b>	<b>1,401,922</b>	<b>425,834</b>	<b>168</b>	<b>0</b>	<b>1,827,924</b>
Total Cash Receipts (Under)/Over Cash Disbursements	(1,065,351)	193,340	(168)	99	(872,080)
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Notes	840,000				840,000
Transfers-In	218,750	106,250			325,000
Transfers-Out	(25,700)	(312,500)			(338,200)
Other	(4,563)	(6,127)			(10,690)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,028,487</b>	<b>(212,377)</b>	<b>0</b>	<b>0</b>	<b>816,110</b>
Excess of Cash Receipts and Other Financing Receipts (Under)/Over Cash Disbursements and Other Financing Disbursements	(36,864)	(19,037)	(168)	99	(55,970)
Fund Cash Balances, January 1, As Restated, Note 10	169,297	248,038	880	8,668	426,883
<b>Fund Cash Balances, December 31</b>	<b>\$132,433</b>	<b>\$229,001</b>	<b>\$712</b>	<b>\$8,767</b>	<b>\$370,913</b>
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

VILLAGE OF BELLVILLE  
RICHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$274,223	\$0	\$0	\$274,223
<b>Operating Cash Disbursements:</b>				
Personal Services	68,644			68,644
Employee Fringe Benefits	27,271			27,271
Contractual Services	35,777			35,777
Supplies and Materials	31,881			31,881
Capital Outlay	47,350			47,350
Total Operating Cash Disbursements	210,923	0	0	210,923
Operating Income	63,300	0	0	63,300
<b>Non-Operating Cash Receipts:</b>				
Bed Tax			83,782	83,782
Fines, Licenses, and Permits			51,235	51,235
Other Non-Operating Cash Receipts	2,692			2,692
Total Non-Operating Cash Receipts	2,692	0	135,017	137,709
<b>Non-Operating Cash Disbursements:</b>				
Debt Service:				
Principal Payments	30,697			30,697
Interest Payments	43,780			43,780
Distribution of Bed Tax			83,782	83,782
Distribution of fines			51,235	51,235
Other	7,752			7,752
Total Non-Operating Cash Disbursements	82,229	0	135,017	217,246
Excess of Cash Receipts (Under) Cash Disbursements Before Interfund Transfers	(16,237)	0	0	(16,237)
Transfers-In	13,200	0	0	13,200
Net Cash Receipts (Under) Cash Disbursements	(3,037)	0	0	(3,037)
Fund Cash Balances, January 1, As Restated, Note 10	94,517	40,024	0	134,541
<b>Fund Cash Balances, December 31</b>	<b>\$91,480</b>	<b>\$40,024</b>	<b>\$0</b>	<b>\$131,504</b>
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0

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



**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bellville, Richland County, Ohio, (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, park operations (leisure time activities), police services and a mayor's court.

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 cash 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**

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

Investments are included in the cash fund balances. 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 Funds**

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

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Street Levy Fund - This fund receives tax revenue for constructing, maintaining and repairing Village streets.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Projects Fund:

Capital Improvement Fund - This fund provides monies for the purchase of large equipment, vehicles, and buildings for the Village.

**4. Enterprise Funds**

These funds are used to 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 has the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer service.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following significant Fiduciary Funds:

Mayor's Court (Agency Fund) - This fund receives monies from the collection of fines and costs from police tickets to cover the operation of the Police department.

Bed Tax Fund (Agency Fund) - This fund receives monies from local hotels and motels from occupancy collections. These funds are used for general Village operations. In addition, the Village collects these monies on behalf of Washington Township and remits their portion to them monthly.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio Law.

A summary of 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2001 was as follows:

	2001
Deposits:	
Demand deposits	\$427,317
Certificates of deposits	35,000
Total deposits	462,317
Investments:	
STAR Ohio	40,100
Total deposits and investments	\$502,417

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or 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 year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,392,400	\$1,395,321	\$2,921
Special Revenue	723,700	725,424	1,724
Capital Projects	8,900	0	(8,900)
Expendable Trust	65	99	34
Enterprise	311,450	290,115	(21,335)
Nonexpendable Trust	0	0	0
Total	\$2,436,515	\$2,410,959	(\$25,556)

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$1,502,190	\$1,432,185	\$70,005
Special Revenue	840,350	744,461	95,889
Capital Projects	8,000	168	7,832
Expendable Trust	350	0	350
Enterprise	385,130	293,152	91,978
Nonexpendable Trust	0	0	0
Total	\$2,736,020	\$2,469,966	\$266,054

**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 payments, 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2001 Water System Improvement Note	\$840,000	2.60%
1980 OWDA Loan	10,254	6.40%
1981 OWDA Loan	2,991	7.05%
1983 OWDA Loan	1,483	9.95%
1982 OWDA Loan	882	7.05%
1987 OWDA Loan	27,884	7.60%
1993 OWDA Loan	4,435	6.61%
Police Car Lease	13,330	5.55%
	<u>\$901,259</u>	

2001 Water System Improvement Notes for improving and enlarging the Village's water system to be renewed annually, due in 2002, bearing interest at 2.60%.

1980 Ohio Water Development Authority (OWDA) loan for utility construction projects, due in semi-annual installments of \$3,711 through 2003, bearing interest at 6.40%.

1981 OWDA loan for utility construction projects, due in semi-annual installments of \$1,086 through 2003, bearing interest at 7.05%.

1983 OWDA loan for utility construction projects, due in semi-annual installments of \$557 through 2003, bearing interest at 9.95%.

1982 OWDA loan for utility construction projects, due in semi-annual installments of \$339 through 2003, bearing interest at 7.05%.

1987 OWDA loan for utility construction projects, due in semi-annual installments of \$10,184 through 2003, bearing interest at 7.60%.

1993 OWDA loan for utility construction projects, due in semi-annual installments of \$2,363 through 2003, bearing interest at 6.61%.

These OWDA loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2001, the Village entered into a lease for a police car, due in annual payments of \$7,225 through 2003, bearing interest at 5.55%.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**6. DEBT (Continued)**

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

Year Ending December 31:	OWDA Loans	Water System Improvement Note	Police Car Lease
2002	\$18,239	\$861,840	\$7,225
2003	34,115		7,225
Total	\$52,354	\$861,840	\$14,450

**7. RETIREMENT SYSTEMS**

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village is also self-insured through a third-party administrator to provide Village employees with health insurance.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**9. SUBSEQUENT EVENT**

In February 2002, the Village discovered that the individual who served as both Mayor's Court Clerk and Water/Sewer Clerk had apparently stolen money from the Mayor's Court bank account and the Water and Sewer bank account. The Clerk resigned in February, 2002. The exact dollar amount of the possible theft is not known as of the date of this report. The situation is currently under investigation by the Village Police and the Richland County Sheriff's Department and Prosecutor's Office.

**10. RESTATEMENT OF BEGINNING FUND CASH BALANCES**

At December 31, 2000, the ending fund cash balances in the Special Revenue Fund Type and the Agency Fund Type were understated and the Expendable Trust Fund Type balance was overstated due to errors that existed in the prior audit adjustments. The affect of these adjustments on each fund type as previously stated is shown below.

<u>Fund Type</u>	<u>Balance as Previously Stated at December 31, 2000</u>	<u>Adjustment</u>	<u>Restated Balance at January 1, 2001</u>
Special Revenue Fund	\$242,310	\$5,728	\$248,038
Expendable Trust Fund	14,735	(6,067)	8,668
Agency Fund	(339)	339	0





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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

Village of Bellville  
Richland County  
142 Park Place  
Bellville, Ohio 44813

To the Village Council:

We have audited the accompanying financial statements of the Village of Bellville, Richland County, Ohio, (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the 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 2001-30570-001 and 2001-30570-002.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated April 30, 2002.

**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 judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-30570-003.

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. However, we consider item 2001-30570-003 to be 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 April 30, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 30, 2002

VILLAGE OF BELLVILLE  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001

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

Noncompliance Citation

Finding Number	2001-30570-001
----------------	----------------

Ohio Constitution, Article XII, Section 5a, states that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal. In addition, Ohio Rev. Code Section 135.21, states in part that all investment earnings, except as otherwise expressly provided by law, shall be credited to the General Fund of the Village.

The Clerk/Treasurer made investments of pooled cash from various funds, including the Street Construction Maintenance & Repair and State Highway Improvement Special Revenue Funds, and did not distribute the interest earned in accordance with the above requirements.

As a result, revenues were overstated in the General Fund and understated in the Street Construction Maintenance & Repair and State Highway Improvement Special Revenue Funds. The Village should apportion interest earnings to these funds based on a reasonable determination of its share of the investment pool.

In addition, we noted that interest was posted to the Water Operating and Sewer Operating Enterprise Funds. The Village should transfer interest earnings from the General Fund, by resolution, to these Enterprise Funds, if the Village determines that a portion of the interest earnings should be recorded in these Enterprise Funds.

To correct the misposting of interest during the year, the following adjustment was made to the accompanying financial statements:

General Fund	\$ 928
Street Construction Maintenance & Repair Fund	1,899
State Highway Improvement Fund	158
Water Operating Fund	(548)
Sewer Operating Fund	(2,437)
Total	\$ 0

Although these adjustments are reflected in the accompanying financial statements, the Village did not record them in their books and records until after the audit period.

We also reported a similar matter in the management letter of our December 31, 2000, audit of the financial statements.

**Noncompliance Citation**

<b>Finding Number</b>	2001-30570-002
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**Ohio Rev. Code Section 5705.41(D)** provides that no subdivision or taxing unit 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 that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereto.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - 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 Council 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.
2. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid.

During the audit period, 23 percent of the expenditures tested were not certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. There were also 4 purchase orders that were not signed by the Clerk/Treasurer.

The Village should certify the availability of funds for expenditures, and also implement the use of so called Then and Now certificates and Blanket Certificates as a further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.

We reported this matter in the management letter of our December 31, 2000, audit of the financial statements.

**Material Weakness**

<b>Finding Number</b>	2001-30570-003
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**Bank Reconciliations**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. This process involves reconciling the bank balance to the cash and investment balance. For all of 2001, the Village did not resolve various differences between the adjusted bank balance and the balance reflected within the Village's accounting records. The annual report for the year was filed with the Auditor of State with this unresolved difference of \$13,163. These differences were resolved during the audit and appropriate adjustments were posted to the accompanying financial statements.

Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner.

The Village should perform, and complete, monthly bank reconciliations in a timely manner. Also, a copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month, and the Village Council should sign and date the bank reconciliations to indicate that they have been reviewed. The Village should also contact the bank and request that all accounts receive a bank statement as of the end of the month, rather than as of an interim date.

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2000-30570-001	Police Chief overpaid \$542.97	Yes	Amount paid back. Finding No Longer Valid
2000-30570-002	Police Chief overpaid \$133.88	Yes	Amount paid back. Finding No Longer Valid
2000-30570-003	Bank reconciliations not completed accurately and timely	No	Not Corrected. See Finding #2001-30570-003



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF BELLVILLE**

**RICHLAND 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  
JUNE 18, 2002**