



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BELLE CENTER
LOGAN COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Belle Center
Logan County
P.O. Box 508
Belle Center, Ohio 43310

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belle Center, Logan County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification and Unmodified Opinions* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

The Village reported Enterprise Fund charges for services receipts of \$413,526 for the year ended December 31, 2017, which are 100 percent of Enterprise Fund operating receipts for the year. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Enterprise Fund charges for services receipts for \$137,429 (33%) of the \$413,526 reported. Consequently, we were unable to determine whether any adjustments were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Enterprise Fund, and related notes of the Village of Belle Center, Logan County as of December 31, 2017, and for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Special Revenue, and Capital Projects Funds, and related notes of the Village of Belle Center, Logan County, as of December 31, 2018 and 2017 and of the Enterprise Fund as of December 31, 2018 and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2020

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Village of Belle Center, Ohio*Logan County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$23,887	\$5,078		\$28,965
Municipal Income Tax	127,549			127,549
Intergovernmental	16,695	41,670	\$3,725	62,090
Fines, Licenses and Permits	7,760			7,760
Earnings on Investments	875	16		891
Miscellaneous	2,963			2,963
<i>Total Cash Receipts</i>	<u>179,729</u>	<u>46,764</u>	<u>3,725</u>	<u>230,218</u>
Cash Disbursements				
Current:				
Security of Persons and Property	41,512			41,512
Community Environment	2,354			2,354
Transportation	1,130	47,477	3,725	52,332
General Government	116,480		387	116,867
Debt Service:				
Principal Retirement	9,495	2,000		11,495
Interest and Fiscal Charges	654			654
<i>Total Cash Disbursements</i>	<u>171,625</u>	<u>49,477</u>	<u>4,112</u>	<u>225,214</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,104</u>	<u>(2,713)</u>	<u>(387)</u>	<u>5,004</u>
Other Financing Receipts				
Other Financing Sources	1,598			1,598
<i>Total Other Financing Receipts</i>	<u>1,598</u>			<u>1,598</u>
<i>Net Change in Fund Cash Balances</i>	9,702	(2,713)	(387)	6,602
<i>Fund Cash Balances, January 1</i>	<u>261,468</u>	<u>45,123</u>	<u>28,654</u>	<u>335,245</u>
Fund Cash Balances, December 31				
Restricted		42,410	27,628	70,038
Committed			639	639
Assigned	63,687			63,687
Unassigned	207,483			207,483
<i>Fund Cash Balances, December 31</i>	<u>\$271,170</u>	<u>\$42,410</u>	<u>\$28,267</u>	<u>\$341,847</u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$426,749
<i>Total Operating Cash Receipts</i>	<u>426,749</u>
Operating Cash Disbursements	
Personal Services	67,797
Employee Fringe Benefits	27,449
Contractual Services	69,980
Supplies and Materials	102,998
Claims	
Other	92,444
<i>Total Operating Cash Disbursements</i>	<u>360,668</u>
<i>Operating Income</i>	<u>66,081</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	59,180
Earnings on Investments (proprietary funds only)	59
Loans Issued	513,431
Capital Outlay	(513,431)
Principal Retirement	(168,092)
Interest and Other Fiscal Charges	(31,844)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(140,697)</u>
<i>Net Change in Fund Cash Balance</i>	(74,616)
<i>Fund Cash Balance, January 1</i>	<u>346,610</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$271,994</u></u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Belle Center (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities and park operations. The Village contracts with the Logan County Sheriff's department to provide security of persons and property. The Village contracts with Richland Township Fire Department to receive fire protection services. The Village contracts with B.M.R.T. Regional Ambulance District to receive medical protection services.

Jointly Governed Organization

The Village participates in jointly governed organization. Note 10 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and change in fund balance (regulatory cash basis) for proprietary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Project Fund The fund is used for capital improvements for the Village's parks as well as the depot.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Water Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage Operating Fund The garbage operating fund accounts for the provision of refuse pick up services to the residents and commercial users within the Village.

Ohio Water Development Authority (OWDA) Loan Fund The OWDA fund is a portion of the sewer charges from each customer set aside to pay the debt service.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$165,805	\$181,327	\$15,522
Special Revenue	58,113	46,764	(11,349)
Capital Projects	900	3,725	2,825
Enterprise	484,816	999,419	514,603
Total	\$709,634	\$1,231,235	\$521,601

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,735	\$171,625	\$67,110
Special Revenue	61,790	49,477	12,313
Capital Projects	27,775	4,112	23,663
Enterprise	1,153,139	1,074,035	79,104
Total	\$1,481,439	\$1,299,249	\$182,190

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$313,841
Certificates of deposit	300,000
Total deposits	\$613,841

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Income Taxes

The Village levies a municipal income tax of 1 (one) percent 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.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 5 – Taxes (Continued)

Employers within the Village withhold income tax on employee compensation and remit the tax to the RITA on the Village's behalf either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax revenue is credited only to the general fund.

Note 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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer Improvement	\$617,405	4.16%
OPWC Loan - Sewer Improvement	43,750	0%
OWDA Loan - Water Tower Improvement	953,800	1.05%
Total	\$1,614,955	

The Ohio Water Development Authority (OWDA) loan relates to a sewer improvement project. The OWDA approved \$1,861,897 to the Village for this project. The Village will repay the loan in semiannual installments of \$69,022, including interest over 20 years. Effective in 2016, a three percent subsidy to reduce the total payment was implemented. The loan is secured by sewer receipts and special assessments. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan is also for a sewer improvement project. The OPWC approved \$250,000 to the Village for the project. The Village will repay the loan in semiannual installments of \$6,250 over a 20 year term. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan relates to a new water tower construction project. The OWDA approved \$998,690 to the Village for this project. The Village received \$485,013 in 2017 and \$513,431 in 2018 for a total of \$998,444. The Village will repay the loan in semiannual installments of \$27,753, including interest over 20 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	Sewer Improvement OWDA Loan	OPWC Loan	Water Tower Improvement OWDA Loan
2019	\$131,207	\$12,500	\$55,505
2020	132,538	12,500	55,505
2021	133,924	12,500	55,505
2022	135,369	6,250	55,505
2023	136,875		55,505
2024-2028			277,525
2029-2033			277,525
2034-2037			222,020
Total	\$669,913	\$43,750	\$1,054,595

Note 10 – Jointly Governed Organization

The B.M.R.T. Regional Ambulance District, Logan County, is directed by an appointed four member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions include McDonald, Richland, and Taylor Creek Townships and the Village of Belle Center. The District was established to provide rescue and responds with mutual aid service to any agency requesting such services.

Village of Belle Center, Ohio

Logan County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$27,659	\$4,716		\$32,375
Municipal Income Tax	125,063			125,063
Intergovernmental	12,586	42,005	\$31,500	86,091
Fines, Licenses and Permits	7,153			7,153
Earnings on Investments	897	19		916
Miscellaneous	3,555		8,426	11,981
<i>Total Cash Receipts</i>	<u>176,913</u>	<u>46,740</u>	<u>39,926</u>	<u>263,579</u>
Cash Disbursements				
Current:				
Security of Persons and Property	56,226			56,226
Public Health Services	4,884			4,884
Community Environment	169			169
Transportation	4,253	42,315	31,500	78,068
General Government	84,939		20	84,959
Capital Outlay			1,175	1,175
Debt Service:				
Principal Retirement	8,683	2,170		10,853
Interest and Fiscal Charges	1,317			1,317
<i>Total Cash Disbursements</i>	<u>160,471</u>	<u>44,485</u>	<u>32,695</u>	<u>237,651</u>
<i>Excess of Receipts Over Disbursements</i>	<u>16,442</u>	<u>2,255</u>	<u>7,231</u>	<u>25,928</u>
Other Financing Receipts (Disbursements)				
Transfers In			983	983
Transfers Out	(1,616)			(1,616)
Other Financing Sources	2,939			2,939
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,323</u>		<u>983</u>	<u>2,306</u>
<i>Net Change in Fund Cash Balances</i>	17,765	2,255	8,214	28,234
<i>Fund Cash Balances, January 1</i>	<u>243,703</u>	<u>42,868</u>	<u>20,440</u>	<u>307,011</u>
Fund Cash Balances, December 31				
Restricted		45,123	27,628	72,751
Committed			1,026	1,026
Assigned	72,930			72,930
Unassigned	188,538			188,538
<i>Fund Cash Balances, December 31</i>	<u>\$261,468</u>	<u>\$45,123</u>	<u>\$28,654</u>	<u>\$335,245</u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2017

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$413,526
<i>Total Operating Cash Receipts</i>	<u>413,526</u>
Operating Cash Disbursements	
Personal Services	85,681
Employee Fringe Benefits	14,309
Contractual Services	96,107
Supplies and Materials	48,023
Other	90,723
<i>Total Operating Cash Disbursements</i>	<u>334,843</u>
<i>Operating Income</i>	<u>78,683</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	61,338
Earnings on Investments (proprietary funds only)	58
Loans Issued	485,013
Miscellaneous Receipts	72
Capital Outlay	(485,013)
Principal Retirement	(119,054)
Interest and Other Fiscal Charges	(24,151)
Other Financing Sources	267
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(81,470)</u>
<i>(Loss) before Transfers</i>	(2,787)
Transfers In	<u>633</u>
<i>Net Change in Fund Cash Balance</i>	(2,154)
<i>Fund Cash Balance, January 1</i>	<u>348,764</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$346,610</u></u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Belle Center (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities and park operations. The Village contracts with the Logan County Sheriff's department to provide security of persons and property. The Village contracts with Richland Township Fire Department to receive fire protection services. The Village contracts with B.M.R.T. Regional Ambulance District to receive medical protection services.

Jointly Governed Organization

The Village participates in jointly governed organization. Note 10 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and change in fund balance (regulatory cash basis) for proprietary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Project Fund The fund is used for capital improvements for the Village's parks as well as the depot.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Water Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage Operating Fund The garbage operating fund accounts for the provision of refuse pick up services to the residents and commercial users within the Village.

Ohio Water Development Authority (OWDA) Loan Fund The OWDA fund is a portion of the sewer charges from each customer set aside to pay the debt service.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Appropriations lapse at year end.

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

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.

A summary of 2017 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$154,800	\$179,852	\$25,052
Special Revenue	45,613	46,740	1,127
Capital Projects	57,292	40,909	(16,383)
Enterprise	945,348	960,907	15,559
Total	\$1,203,053	\$1,228,408	\$25,355

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 3 – Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,188	\$162,087	\$82,101
Special Revenue	101,485	44,485	57,000
Capital Projects	60,483	32,695	27,788
Enterprise	1,053,453	963,061	90,392
Total	\$1,459,609	\$1,202,328	\$257,281

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$381,855
Certificates of deposit	300,000
Total deposits	\$681,855

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Income Taxes

The Village levies a municipal income tax of 1 (one) percent 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.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – Taxes (Continued)

Employers within the Village withhold income tax on employee compensation and remit the tax to the RITA on the Village's behalf either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax revenue is credited only to the general fund.

Note 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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer Improvement	\$726,353	4.16%
OPWC Loan - Sewer Improvement	56,250	0%
Union Banking Co - Ford Truck	13,495	5%
Total	\$796,098	

The Ohio Water Development Authority (OWDA) loan relates to a sewer improvement project. The OWDA approved \$1,861,897 to the Village for this project. The Village will repay the loan in semiannual installments of \$69,022, including interest over 20 years. Effective in 2016, a three percent subsidy to reduce the total payment was implemented. The loan is secured by sewer receipts and special assessments. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan is also for a sewer improvement project. The OPWC approved \$250,000 to the Village for the project. The Village will repay the loan in semiannual installments of \$6,250 over a 20 year term. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Union Banking Co. loan is for a Ford Truck in the amount of \$50,241. The Village will pay annual payments to the bank in the amount of \$14,170, which includes interest for 4 years.

In addition, the Village is in the process of obtaining a loan for the new water tower construction project through the Ohio Water Development Authority (OWDA). The OWDA approved \$998,690 to the Village for the project and the Village received \$485,013 during 2017 with the remaining amount expected to be received in 2018.

Amortization

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

Year Ending December 31:	OWDA Loan	OPWC Loan	Union Banking Co. Loan
2018	\$129,930	\$12,500	\$14,150
2019	131,207	12,500	0
2020	132,538	12,500	0
2021	133,924	12,500	0
2022	135,369	6,250	0
2023	136,875	0	0
Total	\$799,843	\$56,250	\$14,150

Note 10– Jointly Governed Organization

The B.M.R.T. Regional Ambulance District, Logan County, is directed by an appointed four member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions include McDonald, Richland, and Taylor Creek Townships and the Village of Belle Center. The District was established to provide rescue and responds with mutual aid service to any agency requesting such services.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Belle Center
Logan County
P.O. Box 508
Belle Center, Ohio 43310

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Belle Center, Logan County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We have qualified our opinion due to lack of sufficient appropriate audit evidence supporting the amounts recorded as Enterprise Fund charges for services receipts for the year ended December 31, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 through 2018-003.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2020

**VILLAGE OF BELLE CENTER
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 733.28 provides, in part, that the Village Clerk/Clerk-Treasurer “shall keep the books of the Village, exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived there from, and of all taxes and assessments.” **Ohio Admin. Code § 117-2-02(A)**, states, in part, that all local public offices “shall 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.”

Ohio Rev. Code § 5705.10(D) provides, in part, that “all revenue derived from a source other than the general property tax, and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.”

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following adjustments and reclassifications were posted to the financial statements and where applicable, to the accounting records:

General Fund

- \$72,930 and \$63,687 in excess of subsequent appropriations over estimated receipts were reclassified from unassigned to assigned fund balance for 2017 and 2018, respectively.
- \$1,606 in Intergovernmental receipts were reclassified to Special Revenue Fund Intergovernmental (\$1,128) and Special Revenue Fund Property and Other Local Taxes (\$478) for 2017.
- \$2,162 in special assessment fees were adjusted as Enterprise Fund expenses in 2017.
- \$847 in Local Government Distribution Intergovernmental revenues was erroneously posted as Special Revenue Fund Intergovernmental revenues (\$41) and Special Revenue Fund Property and Other Taxes (\$806).

Special Revenue Fund

- \$1,905 in non-payroll expenditures for lighting and mosquito spray were reclassified from restricted funds to the General Fund in 2017.

Enterprise Fund

- \$485,013 and \$513,431 OWDA Loan proceeds and capital outlay expenditures were added to the financial statements in 2017 and 2018, respectively.

Capital Projects Fund

- \$31,500 and \$3,725 in Intergovernmental revenues and Transportation expenditures were added to the financial statements for on-behalf sales tax monies paid by the County in 2017 and 2018, respectively.

In addition to the adjustments and reclassifications listed above, we also identified additional misstatements ranging from \$36 to \$6,165 that we have brought to the Village's attention. The above errors resulted from lack of training and knowledge of governmental accounting for Villages.

**FINDING NUMBER 2018-001
(Continued)**

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports. Not properly accounting for grants/loans could result in misspending by the Village.

The Village should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

The errors identified have been examined and action is being take to not make those errors in the future.

FINDING NUMBER 2018-002

Noncompliance and Material Weakness – Destruction of Utility Records

Ohio Admin. Code § 117-2-02(D)(4), states, in part, all local public offices “may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors.” All local public offices should maintain or provide a report to the following accounting records:

- (b) Utilities billing records including:
- i. Master file of service address, account numbers, billing address, type of services provided and billing rates.
 - ii. Accounts receivable ledger for each service type, including for each customer account, the outstanding balance due as of the end of each billing period (with an aging schedule for past due amounts), current usage and billing amount, delinquent or late fees due, payments received and noncash adjustments, each maintained by date and amount.
 - iii. Cash receipt records, recording cash received and date received on each account. This information should be used to post payments to individual accounts in the accounts receivable ledger described.

Ohio Rev. Code § 149.351(A) provides, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code.”

During testing of utility receipts, we identified the following issues:

- In 2017, the Village reported Charges for Services receipts for the Village utilities services provided to its residents, in the amount of \$413,526. The Village did not have support for receipts totaling \$137,429. Upon receipt of the revenue, the Village recorded amounts paid by residents in the Governmental Systems (the Village's Utilities System) and then recorded the payments in the Uniform Accounting Network (UAN) System (the Village's Accounting System) in a lump sum. The Governmental Systems provides reports that would allow the capability to trace receipts from this system to the UAN System; however, these reports must be printed and past reports are unable to be viewed. The Village did not print and maintain the needed documentation to properly gain assurances on the revenue amounts reported and therefore a qualified opinion for the 2017 amounts was issued.
- Village Council does not review or approve non-cash adjustments made to utility bills. The Village does not have a policy governing non-cash adjustments.
- Village Council does not review or approve delinquent accounts and the Village does not have a policy related to delinquent accounts.

**FINDING NUMBER 2018-002
(Continued)**

The Village should implement policies and procedures to ensure required reports are printed and maintained from the Governmental Systems for each daily deposit of revenue. Additionally, the Village should implement policies and procedures to ensure that all non-cash adjustments and delinquent accounts are reviewed and approved by Village Council.

Failure to implement internal controls and retain these required public records could result in future opinion qualifications, an incomplete audit trail, create potential problems for future management decisions, and/or result in unaccountable funds.

Officials' Response:

The Utility billing system has been changed to RVS. Reports are printed daily, monthly and annually. The policies will be reviewed by council.

FINDING NUMBER 2018-003

Noncompliance and Material Weakness – Failure to Remit Withholdings

26 U.S.C. § 3403 states that the employer "shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment."

Ohio Rev. Code Section 5747.07(B)(3) states, in part, that if an employer's actual or required payments were more than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.

The Village did not remit any of its federal, state, or village withholding amounts or file the tax reports beginning in December 2017. The total amount not remitted to the appropriate authorities through December 31, 2018 was \$18,833. The Village remitted all withholdings by December 2019.

Policies and procedures should be established and implemented to verify income taxes are properly and timely remitted to the Internal Revenue Service, Ohio Department of Taxation, and the Regional Income Tax Authority and required returns are filed in a timely manner. Failure to do so could result in assessment of fines and penalties against the Village as well as possible findings for recovery being issued in future audits.

This matter will be referred to the Internal Revenue Service, State of Ohio Department of Taxation, and Regional Income Tax Authority.

Officials' Response:

The Withholdings have been paid. They are being paid on time. The Solicitor will work with the Internal Revenue Services on any fees.

FINDING NUMBER 2018-004

Material Weakness – Bank Reconciliations and Timely Posting of Receipts in UAN

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide reasonable assurance all receipts and disbursements have been correctly and timely posted into the Village's Uniform Accounting Network (UAN) system and its bank account. Reconciliations provide an accurate accounting of the Village's financial position at month end.

The Village failed to timely post receipts to the UAN system throughout 2017 and 2018. Significant time delays in posting financial transactions into the UAN system can result in permanent omissions, as well as the Village Council reviewing incomplete financial reports.

Failure to post receipts timely resulted in untimely bank reconciliations. During the year ended 2018, most reconciliations were not completed until significantly after the month being reconciled. The reconciliations for the months of January through June 2018 were not completed until February 2019. Additionally, reconciliations for the months of July through December 2018 were not completed until March 2019.

Furthermore, throughout the year ending December 31, 2018, the Village had a carrying amount for inflating bank errors and the source was unable to be identified by the Village; however, the audit identified the error as an incorrect adjustment for income tax receipts. The error has been adjusted in the UAN system.

The monthly bank reconciliation is a basic control to verify the accuracy and completeness of the Village's recording of current receipts and disbursements in the UAN system. Failure to maintain accurate monthly bank reconciliations and failure to have individuals other than the Fiscal Officer review the bank reconciliations increases the possibility the Village would not properly detect the errors or funds being altered, lost, or stolen.

The Village should implement control procedures to verify the monthly bank reconciliations are promptly performed and the financial transactions, which are reflected on the bank statements, are timely posted to the Village's UAN system. Additionally, the monthly bank reconciliations should be reviewed by the Village Council to ensure the proper procedures were followed and the accounts are reconciled. The Village Council review should be documented by their signatures/initials on the bank reconciliations and their approval of the bank reconciliations should be noted in the meeting minutes.

Officials' Response:

Bank reconciliations are be being caught up and will be presented at each council meeting.

Village of Belle Center
 Logan County
 P.O. Box 508
 Belle Center, Ohio

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance and Material Weakness: Destruction of Utility Records	Not Corrected	February 2018 Software for the Utility Billing was changed to RVS. Daily reports, monthly reports and end of year reports are being kept. Repeated as Finding 2018-002
2016-002	Noncompliance and Material Weakness: Financial Reporting	Not Corrected	The Village is working on continuing to have accurate reporting. Repeated as Finding 2018-001

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BELLE CENTER

LOGAN 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
MARCH 19, 2020**