

**Village of Belle Center
Logan County, Ohio
Financial Statements
December 31, 2006 and 2005**



Mary Taylor, CPA
Auditor of State

Village Council
Village of Belle Center
104 West Buckeye Street
P.O. Box 508
Belle Center, Ohio 43310

We have reviewed the *Independent Auditors' Report* of the Village of Belle Center, Logan County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Belle Center is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 8, 2007

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**Village of Belle Center
Logan County, Ohio
Financial Statements
December 31, 2006 and 2005**

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INDEPENDENT AUDITORS' REPORT

Village of Belle Center
Logan County
P.O. Box 508
104 West Buckeye Street
Belle Center, OH 43310

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Belle Center, Logan County, Ohio, (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Belle Center, Logan County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and the Street, Construction,

Maintenance and Repair funds thereof for the year December 31, 2006 and for the General, Street, Construction, Maintenance and Repair, State Highway, Permissive Tax, and FEMA/Snow Fund for the year December 31, 2005 in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Taylor, Applegate, Hughes and Associates, Ltd.
June 12, 2007

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

This discussion and analysis of the Village of Belle Center's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2006, within the limitations of the Government's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$ 43,605 or 17.6 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases affected most funds.

The Government's general receipts are primarily property and income taxes. These receipts represent respectively 14.7 and 59.9 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 changed very little compared to 2005.

The **Water operation** had a **deficit** during the year 2006 of \$ 23,383. Cost increases for fuel, electric, and natural gas accounted for a portion of the increased cost; in addition \$ 10,400 was spent out of this fund for painting the water tank.

The **Sewer operation** generated a **surplus** of \$ 1,500 during the year.

The **Trash operation** generated a **surplus** of \$ 8,486 during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

of accounting is a basis of accounting other than generally accepted accounting principles. Under the Government's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has three business-type activities, the provision of water, sewer and trash services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental funds are the General Fund and the Street Construction Maintenance and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds, the water fund, sewer fund and trash fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)

Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$70,717 | \$246,504 | \$153,868 | \$399,777 | \$224,585 | \$646,281 |
| Investments | 132,183 | | 241,055 | | 373,238 | 0 |
| Total Assets | \$202,900 | \$246,504 | \$394,923 | \$399,777 | \$597,823 | \$646,281 |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | | | | | \$0 | \$0 |
| Capital Outlay | | | | | 0 | 0 |
| Other Purposes | 45,885 | 61,976 | | | 45,885 | 61,976 |
| Unrestricted | 157,015 | 184,528 | 394,923 | 399,777 | 551,938 | 584,305 |
| Total Net Assets | \$202,900 | \$246,504 | \$394,923 | \$399,777 | \$597,823 | \$646,281 |

As mentioned previously, net assets of governmental activities decreased \$43,605 or 17.6 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows: The major items purchased were Leaf Machine - \$ 10,000, Dump Truck - \$ 22,500 and partial payment for painting the water tank - \$ 11,384.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities, business-type activities and total primary government.

(Table 2)

Changes in Net Assets

| | Governmental | | Business-Type | | Total | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Activities | Activities | Activities | Activities | 2006 | 2005 |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Receipts: | | | | | | |
| Program Receipts: | | | | | | |
| Charges for Services and Sales | \$445 | \$505 | \$281,140 | \$229,505 | \$281,585 | \$230,010 |
| Operating Grants and Contributions | 33,179 | 29,700 | | | 33,179 | 29,700 |
| Capital Grants and Contributions | 0 | 0 | 0 | 125,436 | 0 | 125,436 |
| Total Program Receipts | 33,624 | 30,205 | 281,140 | 354,941 | 314,764 | 385,146 |
| General Receipts: | | | | | | |
| Property and Other Local Taxes | 43,163 | 42,447 | | | 43,163 | 42,447 |
| Income Taxes | 112,242 | 109,576 | | | 112,242 | 109,576 |
| Grants and Entitlements Not Restricted to Specific Programs | 9,967 | 92,197 | 95,593 | | 105,560 | 92,197 |
| Interest | 19,639 | 7,866 | 2,343 | 1,107 | 21,982 | 8,973 |
| Miscellaneous | 2,495 | 823 | | 400 | 2,495 | 1,223 |
| Total General Receipts | 187,506 | 252,909 | 97,936 | 1,507 | 285,442 | 254,416 |
| Total Receipts | 221,130 | 283,114 | 379,076 | 356,448 | 600,206 | 639,562 |
| Disbursements: | | | | | | |
| General Government | 109,933 | 170,537 | | | 109,933 | 170,537 |
| Security of Persons and Property: | 22,370 | 27,960 | | | 22,370 | 27,960 |
| Public Health Services | | | | | 0 | 0 |
| Leisure Time Activities | 2,158 | 7,048 | | | 2,158 | 7,048 |
| Community Environment | | 233 | | | 0 | 233 |
| Basic Utilities | | 1,185 | 245,199 | 253,109 | 245,199 | 254,294 |
| Transportation | 77,744 | 62,835 | | | 77,744 | 62,835 |
| Capital Outlay | 40,743 | 4,800 | | | 40,743 | 4,800 |
| Principal Retirement | | | 78,973 | 76,291 | 78,973 | 76,291 |
| Interest and Fiscal Charges | | | 71,570 | 74,252 | 71,570 | 74,252 |
| Water | | | | | 0 | 0 |
| Total Disbursements | 252,948 | 274,598 | 395,742 | 403,652 | 648,690 | 678,250 |
| Excess (Deficiency) Before Transfers | (31,818) | 8,516 | (16,666) | (47,204) | (48,484) | (38,688) |
| Transfers | (11,786) | (4,303) | 11,786 | 4,303 | 0 | 0 |
| Increase (Decrease) in Net Assets | (43,604) | 4,213 | (4,880) | (42,901) | (48,484) | (38,688) |
| Net Assets, January 1 | 246,504 | 242,291 | 399,803 | 442,678 | 646,307 | 684,969 |
| Net Assets, December 31 | \$202,900 | \$246,504 | \$394,923 | \$399,777 | \$597,823 | \$646,281 |

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

On table 2 the Net Assets at December 31, 2005 differ from the Net Assets at January 1, 2006. See Note 14 of the Notes to the Financial Statements.

General receipts represent 53.2 percent of the Village's total receipts, and of this amount, over 46.9 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (19.7 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the fiscal officer, and income tax departments, as well as internal services such as payroll and purchasing. Leisure Time Activities are the costs of maintaining the parks and playing fields and Transportation is the cost of maintaining the streets.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government which accounts for 43.5 percent of all governmental disbursements. Transportation and capital outlay account for 30.7 percent and 16.1 percent respectively of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

| (Table 3) | | | | |
|----------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| Governmental Activities | | | | |
| | Total Cost of Services | Total Cost of Services | Net Cost of Services | Net Cost of Services |
| | 2006 | 2005 | 2006 | 2005 |
| General Government | \$ 109,933 | \$ 170,537 | \$ 109,933 | \$ 170,537 |
| Security of Persons and Property | 22,370 | 27,960 | 22,370 | 27,960 |
| Leisure Time Activities | 2,158 | 7,048 | 1,713 | 7,048 |
| Economic Development | | | | |
| Community Environment | | 233 | | (272) |
| Basic Utilities | | 1,185 | | 1,185 |
| Transportation | 77,744 | 62,835 | 44,565 | 33,134 |
| Capital Outlay | 40,743 | 4,800 | 40,743 | 4,800 |
| Principal Retirement | | - | | |
| Interest and Fiscal Charges | | - | | |
| Total Expenses | \$ 252,948 | \$ 274,598 | \$ 219,324 | \$ 244,392 |

The dependence upon property and income tax receipts is apparent as over 55.3 percent of governmental activities are supported through these general receipts.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Business-type Activities

The **Water operation** of the Village generated \$ 64,458 during 2006 and expenditures were \$ 87,841 resulting in a deficit of \$ 23,384 of which \$ 10,400 was a partial payment to paint our water tank. This fund will have to be reviewed in much detail during 2007 for a possible rate increase.

The **Sewer operation** of the Village generated \$ 102,537 during 2006 and expenditures were \$101,037 resulting in a surplus of \$ 1,500. Early in 2007 the charges we pay to the Indian Lake Water Pollution Control District for processing our sewage was reduced by \$ 3.00 per resident per month.

The **Trash operation** of the Village generated \$ 63,277 during 2006 and expenditures were \$ 54,791 resulting in a surplus of \$ 8,486. This was accomplished in spite of rising fuel charges.

The Government's Funds

Total governmental funds had receipts of \$ 221,130 and disbursements of \$ 252,948. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$15,727 as the result of primarily capital outlay.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$214,249 while actual disbursements were \$193,951. Receipts exceeded the budget and expenditures were less than budgeted. The Government kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$ 6,084 for 2006.

Capital Assets and Debt Administration

The Village does not currently keep track of its capital assets and infrastructure information. It is anticipated that an inventory will be completed by December 31, 2007.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to William B. McCormick, Fiscal Officer, Village of Belle Center, 104 W. Buckeye , P.O. Box 508, Belle Center , Ohio 43310.

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Net Assets - Modified Cash Basis
December 31, 2006

| | Governmental Activities | Business - Type Activities | Total |
|-------------------|----------------------------|-------------------------------|-------------------|
| Assets | | | |
| Cash | \$ 70,717 | \$ 153,868 | \$ 224,585 |
| Investments | 132,183 | 241,055 | 373,238 |
| Total Assets | <u>\$ 202,900</u> | <u>\$ 394,923</u> | <u>\$ 597,823</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Capital Projects | \$ - | \$ - | \$ - |
| Debt Service | - | - | - |
| Other Purposes | 45,885 | - | 45,885 |
| Unrestricted | 157,015 | 394,923 | 551,938 |
| Total Net Assets | <u>\$ 202,900</u> | <u>\$ 394,923</u> | <u>\$ 597,823</u> |

See accompanying notes to the financial statements

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006**

| | Program Cash Receipts | | | |
|---------------------------------------|-----------------------|--------------------------------------|--|-------------------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| Security of Persons and Property | \$ 22,370 | \$ - | \$ - | \$ - |
| Public Health Services | - | - | - | - |
| Leisure Time Activities | 2,039 | - | - | - |
| Community Environment | 119 | 445 | - | - |
| Basic Utility Services | - | - | - | - |
| Transportation | 77,744 | - | 33,179 | - |
| General Government | 109,933 | - | - | - |
| Capital Outlay | 40,743 | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Other | - | - | - | - |
| Total Governmental Activities | 252,948 | 445 | 33,179 | - |
| Business Type Activities | | | | |
| Water Operating | 87,841 | 64,458 | - | - |
| Sewer Operating | 101,037 | 102,537 | - | - |
| Garbage Operating | 54,791 | 63,277 | - | - |
| Ohio Water Development Authority Loan | 117,035 | 35,313 | - | 95,593 |
| Ohio Public Works Commission Loan | 12,500 | 11,955 | - | - |
| Enterprise Construction | 21,008 | - | - | - |
| Enterprise Deposit Fund | 1,530 | 3,600 | - | - |
| Total Business Type Activities | 395,742 | 281,140 | - | 95,593 |
| Total | \$ 648,690 | \$ 281,585 | \$ 33,179 | \$ 95,593 |

General Receipts

Property Taxes
Municipal Income Taxes
Other Taxes
Grants and Entitlements not Restricted to Specific Programs
Earnings on Investments
Miscellaneous

Total General Receipts

Transfers

Total General Receipts, Special & Extraordinary Items, Transfers and Advances

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements
continued

Net (Disbursements) Receipts and Changes in Net Assets

| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|---------------------|
| \$ (22,370) | \$ - | \$ (22,370) |
| - | - | - |
| (2,039) | - | (2,039) |
| 326 | - | 326 |
| - | - | - |
| (44,565) | - | (44,565) |
| (109,933) | - | (109,933) |
| (40,743) | - | (40,743) |
| - | - | - |
| - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> |
| (219,324) | - | (219,324) |
| - | (23,383) | (23,383) |
| - | 1,500 | 1,500 |
| - | 8,486 | 8,486 |
| - | 13,871 | 13,871 |
| - | (545) | (545) |
| - | (21,008) | (21,008) |
| - | 2,070 | 2,070 |
| <u>-</u> | <u>(19,009)</u> | <u>(19,009)</u> |
| <u>\$ (219,324)</u> | <u>\$ (19,009)</u> | <u>\$ (238,333)</u> |
| \$ 27,551 | \$ - | \$ 27,551 |
| 112,242 | - | 112,242 |
| 15,612 | - | 15,612 |
| 9,967 | - | 9,967 |
| 19,639 | 2,343 | 21,982 |
| 2,494 | - | 2,494 |
| <u>187,506</u> | <u>2,343</u> | <u>189,849</u> |
| <u>(11,787)</u> | <u>11,787</u> | <u>-</u> |
| <u>175,720</u> | <u>14,129</u> | <u>189,849</u> |
| (43,605) | (4,880) | (48,484) |
| <u>246,504</u> | <u>399,803</u> | <u>646,307</u> |
| <u>\$ 202,900</u> | <u>\$ 394,923</u> | <u>\$ 597,823</u> |

BELLE CENTER VILLAGE, LOGAN COUNTY
LOGAN COUNTY, OHIO
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

| | GENERAL | STREET CONST. MAINT.REP. | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|-------------------|--------------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 29,866 | \$ 28,031 | \$ 12,820 | \$ 70,717 |
| Investments | 127,148 | 5,034 | - | 132,183 |
| Total Assets | <u>\$ 157,014</u> | <u>\$ 33,066</u> | <u>\$ 12,820</u> | <u>\$ 202,900</u> |
| Fund Balances | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | \$ 747 | \$ 488 | \$ 5 | \$ 1,241 |
| Reserved for Unclaimed Monies | - | - | - | - |
| Unreserved: | | | | |
| Undesignated (Deficit), Reported in: | | | | |
| General Fund | 156,267 | - | - | 156,267 |
| Special Revenue Funds | - | 32,578 | 12,814 | 45,392 |
| Debt Service Fund | - | - | - | - |
| Capital Projects Funds | - | - | - | - |
| Permanent Fund | - | - | - | - |
| Total Fund Balances | <u>\$ 157,014</u> | <u>\$ 33,066</u> | <u>\$ 12,820</u> | <u>\$ 202,900</u> |

See accompanying notes to the financial statements

BELLE CENTER VILLAGE, LOGAN COUNTY
LOGAN COUNTY, OHIO
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

| | GENERAL | STREET CONST. MAINT.REP. | OTHER GOVERNMENTAL FUNDS | TOTAL |
|---|-------------------|--------------------------------|--------------------------------|-------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$ 27,082 | \$ 5,662 | \$ 4,813 | \$ 37,557 |
| Municipal Income Taxes | 112,242 | - | - | 112,242 |
| Intergovernmental | 10,436 | 31,080 | 2,099 | 43,615 |
| Fines, Licenses and Permits | 5,583 | - | - | 5,583 |
| Earnings on Investments | 19,639 | - | - | 19,639 |
| Miscellaneous | <u>2,494</u> | <u>-</u> | <u>-</u> | <u>2,494</u> |
| Total Receipts | <u>177,476</u> | <u>36,742</u> | <u>6,912</u> | <u>221,130</u> |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 22,370 | - | - | 22,370 |
| Public Health Services | - | - | - | - |
| Leisure Time Activities | 2,040 | - | - | 2,040 |
| Community Environment | 119 | - | - | 119 |
| Basic Utility Services | - | - | - | - |
| Transportation | 26,042 | 38,363 | 13,338 | 77,744 |
| General Government | 109,933 | - | - | 109,933 |
| Capital Outlay | 32,700 | 8,043 | - | 40,743 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Disbursements | <u>193,204</u> | <u>46,406</u> | <u>13,338</u> | <u>252,948</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(15,727)</u> | <u>(9,664)</u> | <u>(6,427)</u> | <u>(31,818)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>(11,787)</u> | <u>-</u> | <u>-</u> | <u>(11,787)</u> |
| Total Other Financing Sources (Uses) | <u>(11,787)</u> | <u>-</u> | <u>-</u> | <u>(11,787)</u> |
| Net Change in Fund Balances | (27,514) | (9,664) | (6,427) | (43,605) |
| Fund Balances Beginning of Year | <u>184,528</u> | <u>42,730</u> | <u>19,246</u> | <u>246,504</u> |
| Fund Balances End of Year | <u>\$ 157,014</u> | <u>\$ 33,066</u> | <u>\$ 12,820</u> | <u>\$ 202,900</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

| | Budgeted Amounts | | | (Optional) |
|---|------------------|------------|------------|---|
| | Original | Final | Actual | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 25,800 | \$ 25,800 | \$ 27,082 | \$ 1,282 |
| Municipal Income Taxes | 110,000 | 110,000 | 112,242 | 2,242 |
| Intergovernmental | 10,670 | 10,670 | 10,436 | (234) |
| Fines, Licenses and Permits | 5,900 | 5,900 | 5,583 | (317) |
| Earnings on Investments | 10,000 | 10,000 | 19,639 | 9,639 |
| Miscellaneous | 500 | 500 | 2,494 | 1,994 |
| Total receipts | 162,870 | 162,870 | 177,476 | 14,606 |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 486 | 26,498 | 22,488 | 4,010 |
| Public Health Services | - | - | - | - |
| Leisure Time Activities | - | 3,700 | 2,040 | 1,661 |
| Community Environment | - | 250 | 120 | 130 |
| Basic Utility Services | - | - | - | - |
| Transportation | - | 31,350 | 26,042 | 5,308 |
| General Government | 878 | 119,751 | 110,562 | 9,189 |
| Capital Outlay | 32,700 | 32,700 | 32,700 | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | 34,064 | 214,249 | 193,951 | 20,297 |
| Excess of Receipts Over (Under) Disbursements | 128,806 | (51,379) | (16,475) | 34,904 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | - | (19,475) | (11,787) | 7,689 |
| Total Other Financing Sources (Uses) | - | (19,475) | (11,787) | 7,689 |
| Net Change in Fund Balance | 128,806 | (70,854) | (28,261) | 42,592 |
| Fund Balance Beginning of Year | 150,183 | 150,183 | 150,183 | - |
| Prior Year Encumbrances Appropriated | 34,345 | 34,345 | 34,345 | - |
| Fund Balance End of Year | \$ 313,334 | \$ 113,674 | \$ 156,267 | \$ 42,592 |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006

| | Budgeted Amounts | | Actual | (Optional) Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 7,000 | \$ 7,000 | \$ 5,662 | \$ (1,338) |
| Municipal Income Taxes | - | - | - | - |
| Intergovernmental | 26,000 | 26,000 | 31,080 | 5,080 |
| Special Assessments | - | - | - | - |
| Charges for Services | - | - | - | - |
| Fines, Licenses and Permits | - | - | - | - |
| Earnings on Investments | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total receipts | 33,000 | 33,000 | 36,742 | 3,742 |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 111 | 45,311 | 38,851 | 6,459 |
| General Government | - | - | - | - |
| Capital Outlay | - | 9,000 | 8,043 | 957 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | 111 | 54,311 | 46,894 | 7,417 |
| Excess of Receipts Over (Under) Disbursements | 32,889 | (21,311) | (10,152) | 11,159 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balance | 32,889 | (21,311) | (10,152) | 11,159 |
| Fund Balance Beginning of Year | 42,619 | 42,619 | 42,619 | - |
| Prior Year Encumbrances Appropriated | 111 | 111 | 111 | - |
| Fund Balance End of Year | \$ 75,619 | \$ 21,419 | \$ 32,578 | \$ 11,159 |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Fund Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2006

| | <u>WATER OPERATING</u> | <u>SEWER OPERATING</u> | <u>GARBAGE OPERATING</u> | <u>OHIO WATER</u> | <u>NONMAJOR ENTERPRISE FUNDS</u> | <u>TOTAL ENTERPRISE FUNDS</u> |
|------------------|----------------------------|----------------------------|------------------------------|-----------------------|--|---------------------------------------|
| Assets | | | | | | |
| Cash | \$ 16,781 | \$ 13,701 | \$ 46,314 | \$ 301,596 | \$ 16,532 | \$ 394,923 |
| Investments | - | - | - | - | - | - |
| Total Assets | <u>\$ 16,781</u> | <u>\$ 13,701</u> | <u>\$ 46,314</u> | <u>\$ 301,596</u> | <u>\$ 16,532</u> | <u>\$ 394,923</u> |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Capital Projects | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service | - | - | - | - | - | - |
| Other Purposes | - | - | - | - | - | - |
| Unrestricted | <u>16,781</u> | <u>13,701</u> | <u>46,314</u> | <u>301,596</u> | <u>16,532</u> | <u>394,923</u> |
| Total Net Assets | <u>\$ 16,781</u> | <u>\$ 13,701</u> | <u>\$ 46,314</u> | <u>\$ 301,596</u> | <u>\$ 16,532</u> | <u>\$ 394,923</u> |

See accompanying notes to the financial statements

BELLE CENTER VILLAGE, LOGAN COUNTY
LOGAN COUNTY, OHIO
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006

| | WATER OPERATING TOTAL | SEWER OPERATING TOTAL | GARBAGE OPERATING TOTAL | OHIO WATER TOTAL | OTHER ENTERPRISE FUNDS TOTAL | TOTAL ENTERPRISE FUNDS |
|---|-----------------------------|-----------------------------|-------------------------------|------------------------|---------------------------------------|------------------------------|
| Operating Receipts | | | | | | |
| Charges for Services | \$ 64,458 | \$ 102,537 | \$ 63,277 | \$ 35,313 | \$ 15,555 | \$ 281,140 |
| Other Operating Receipts | - | - | - | - | - | - |
| Total Operating Receipts | <u>64,458</u> | <u>102,537</u> | <u>63,277</u> | <u>35,313</u> | <u>15,555</u> | <u>281,140</u> |
| Operating Disbursements | | | | | | |
| Personal Services | 42,697 | 4,137 | 17,213 | - | - | 64,047 |
| Employee Fringe Benefits | 4,381 | - | 3,311 | - | - | 7,692 |
| Contractual Services | 12,957 | 7,609 | 27,459 | - | - | 48,025 |
| Supplies and Materials | 27,807 | 6,004 | 6,807 | - | - | 40,619 |
| Other | - | 83,286 | - | - | 1,530 | 84,816 |
| Total Operating Disbursements | <u>87,841</u> | <u>101,037</u> | <u>54,791</u> | <u>-</u> | <u>1,530</u> | <u>245,199</u> |
| Operating Income (Loss) | <u>(23,384)</u> | <u>1,500</u> | <u>8,486</u> | <u>35,313</u> | <u>14,025</u> | <u>35,941</u> |
| Non-Operating Receipts (Disbursements) | | | | | | |
| Special Assessments | - | - | - | 95,593 | - | 95,593 |
| Earnings on Investments | - | - | - | 2,343 | - | 2,343 |
| Principal Payments | - | - | - | (45,465) | (33,508) | (78,973) |
| Interest and Fiscal Charges | - | - | - | (71,570) | - | (71,570) |
| Total Non-Operating Receipts (Disbursements) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(19,099)</u> | <u>(33,508)</u> | <u>(52,607)</u> |
| Income (Loss) before Transfers and Advances | <u>(23,384)</u> | <u>1,500</u> | <u>8,486</u> | <u>16,214</u> | <u>(19,483)</u> | <u>(16,666)</u> |
| Transfers In | - | - | - | 11,787 | - | 11,787 |
| Transfers Out | - | - | - | - | - | - |
| Advances In | - | - | - | - | - | - |
| Advances Out | - | - | - | - | - | - |
| Change in Net Assets | <u>(23,384)</u> | <u>1,500</u> | <u>8,486</u> | <u>28,000</u> | <u>(19,483)</u> | <u>(4,880)</u> |
| Net Assets Beginning of Year | <u>40,164</u> | <u>12,201</u> | <u>37,827</u> | <u>273,595</u> | <u>36,014</u> | <u>399,803</u> |
| Net Assets End of Year | <u>\$ 16,781</u> | <u>\$ 13,701</u> | <u>\$ 46,314</u> | <u>\$ 301,596</u> | <u>\$ 16,532</u> | <u>\$ 394,923</u> |

See accompanying notes to the financial statements

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Village of Belle Center's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2005, within the limitations of the Government's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of Belle Center activities decreased \$38,688 or 5.6 percent, a small change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Permissive Fund, which had more charges made to it than in previous years.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively \$152,023 and 53.7 percent of the total cash received for governmental activities during the year.

The Sewage Operation lost \$3,667 during 2005. The Water Operation lost \$14,561 during 2005. The Garbage Operation lost \$13,899 during 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Village activities. Most of the Village's basic services are reported here, including streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has three business-type activities, the provision of water, sewage, and garbage services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four enterprise funds, the water fund, the sewage fund, the garbage fund, and the Ohio Water Development (OWDA) fund. When the services are provided to other department of the Village, the service is reported as an internal service fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|------------|--------------------------|------------|------------|------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 246,504 | \$ 242,291 | \$ 399,777 | \$ 442,678 | \$ 646,281 | \$ 684,969 |
| Investments | | | | | | |
| Total Assets | \$ 246,504 | \$ 242,291 | \$ 399,777 | \$ 442,678 | \$ 646,281 | \$ 684,969 |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | | | | | | |
| Capital Outlay | | | | | | |
| Other Purposes | \$ 61,976 | \$ 59,093 | | | \$ 61,976 | \$ 59,093 |
| Unrestricted | 184,528 | 183,198 | 399,777 | 442,678 | 584,305 | 625,876 |
| Total Net Assets | \$ 246,504 | \$ 242,291 | \$ 399,777 | \$ 442,678 | \$ 646,281 | \$ 684,969 |

As mentioned previously, net assets of governmental activities decreased \$ 11,264 or 2.0 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Table 2 reflects the changes in net assets in 2005. Since the Government did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

| | Governmental Activities 2005 | Business Type Activities 2005 | Total 2005 |
|--|------------------------------------|-------------------------------------|------------------|
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services and Sales | \$505 | \$229,505 | \$230,010 |
| Operating Grants and Contributions | 29,700 | | 29,700 |
| Capital Grants and Contributions | | 125,436 | 125,436 |
| Total Program Receipts | <u>30,205</u> | <u>354,941</u> | <u>385,146</u> |
| General Receipts: | | | |
| Property and Other Local Taxes | 42,447 | | 42,447 |
| Income Taxes | 109,576 | | 109,576 |
| Grants and Entitlements Not Restricted to Specific Programs | 92,197 | | 92,197 |
| Interest | 7,866 | 1,107 | 8,973 |
| Miscellaneous | 823 | 400 | 1,223 |
| Total General Receipts | <u>252,909</u> | <u>1,507</u> | <u>254,416</u> |
| Total Receipts | <u>283,114</u> | <u>356,448</u> | <u>639,562</u> |
| Disbursements: | | | |
| General Government | 170,537 | | 170,537 |
| Security of Persons and Property: | 27,960 | | 27,960 |
| Public Health Services | | | 0 |
| Leisure Time Activities | 7,048 | | 7,048 |
| Community Environment | 233 | | 233 |
| Basic Utilities | 1,185 | 253,109 | 254,294 |
| Transportation | 62,835 | | 62,835 |
| Capital Outlay | 4,800 | | 4,800 |
| Principal Retirement | | 76,291 | 76,291 |
| Interest and Fiscal Charges | | 74,252 | 74,252 |
| Water | | | 0 |
| Total Disbursements | <u>274,598</u> | <u>403,652</u> | <u>678,250</u> |
| Excess (Deficiency) Before Transfers | 8,516 | (47,204) | (38,688) |
| Transfers | (4,303) | 4,303 | 0 |
| Increase (Decrease) in Net Assets | <u>4,213</u> | <u>(42,901)</u> | <u>(38,688)</u> |
| Net Assets, January 1 | 242,291 | 442,678 | 684,969 |
| Net Assets, December 31 | <u>\$246,504</u> | <u>\$399,777</u> | <u>\$646,281</u> |

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Program receipts represent only 2.3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to Nearby Government for police services provided under contract.

General receipts represent 97.7 percent of the Government's total receipts, and of this amount, over 32.9 percent are local taxes. State and federal grants and entitlements make up the balance of the Government's general receipts including FEMA reimbursement for the Ice Storm. (22.5percent). Other receipts are primarily debt service receipts.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the fiscal officer, and income tax departments, as well as internal services such as payroll and purchasing.

Leisure Time Activities are the costs of maintaining the parks and playing fields. and Transportation is the cost of maintaining the streets.

Village Activities

If you look at the Statement of Activities on page 8, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government which accounts for 62.0 percent of all governmental disbursements excluding debt service. Transportation and security of persons account for 22.8 percent and 9.8 percent respectively of all governmental disbursements excluding debt service. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Village Activities

| | Total Cost Of Services 2005 | Net Cost of Services 2005 |
|----------------------------------|-----------------------------------|---------------------------------|
| | <u>2005</u> | <u>2005</u> |
| General Government | \$ 170,537 | \$ 170,537 |
| Security of Persons and Property | 27,960 | 27,960 |
| Leisure Time Activities | 7,048 | 7,048 |
| Community Environment | 233 | (272) |
| Basic Utilities | 1,185 | 1,185 |
| Transportation | 62,835 | 33,134 |
| Capital Outlay | 4,800 | 4,800 |
| Principal Retirement | - | - |
| Interest and Fiscal Charges | - | - |
| Total Expenses | <u>\$ 274,598</u> | <u>\$ 244,392</u> |

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The dependence upon property and income tax receipts is apparent as over 53.6 percent of governmental activities are supported through these general receipts.

Business-type Activities

The **Water operation** of the Village generates a little over \$ 60,000 per year in revenues. During 2005 the water fund showed a deficit of \$ 14,561. A major portion of this deficit can be attributed to the ice storm during 2005.

The **Sewer operation** of the Village generates between \$ 90,000 and \$ 100,000 per year in revenues. During 2005 the sewer fund showed a small deficit of \$ 3,667.

The **Trash operation** of the Village generates between \$ 60,000 and \$ 70,000 per year in revenues. The fund showed a deficit of \$ 13,899 during the year 2005. We purchased a new compactor at a cost of \$39,585. Without this purchase the fund would have shown a surplus of \$ 25,686.

The Government's Funds

Total governmental funds had receipts of \$ 283,114 and disbursements of \$ 274,598. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$ 1,330.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$ 331,665 while actual disbursements were \$ 253,748. Although receipts failed to live up to expectations, appropriations were reduced. The Government reduced spending. The result is the increase in fund balance of \$ 1,330 for 2005. Expenditures were higher than originally proposed before we were hit with the ice storm but these were offset by \$ 57,096 credited to the general fund from FEMA.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Government's outstanding debt included \$1,736,887 in a loan payable to Ohio Water Development Authority at an annual interest rate of 4.16 %. and \$ 200,000 payable to Ohio Public Works Commission at no interest.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to William B. McCormick, Fiscal Officer, Village of Belle Center, P.O. Box 508, and 104 W. Buckeye Street, Belle Center, OH 43310

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Net Assets - Modified Cash Basis
December 31, 2005

| | Governmental Activities | Business - Type Activities | Total |
|--|----------------------------|-------------------------------|-------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 246,504 | \$ 399,777 | \$ 646,281 |
| Investments | - | - | - |
| Total Assets | <u>\$ 246,504</u> | <u>\$ 399,777</u> | <u>\$ 646,281</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Capital Projects | \$ - | \$ - | \$ - |
| Debt Service | - | - | - |
| Other Purposes | 61,976 | - | 61,976 |
| Unrestricted | <u>184,528</u> | <u>399,777</u> | <u>584,305</u> |
| Total Net Assets | <u>\$ 246,504</u> | <u>\$ 399,777</u> | <u>\$ 646,281</u> |

See accompanying notes to the financial statement

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

| | Program Cash Receipts | | | |
|---------------------------------------|-----------------------|--------------------------------------|--|-------------------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| Security of Persons and Property | \$ 27,960 | \$ - | \$ - | \$ - |
| Public Health Services | - | - | - | - |
| Leisure Time Activities | 7,048 | - | - | - |
| Community Environment | 233 | 505 | - | - |
| Basic Utility Services | 1,185 | - | - | - |
| Transportation | 62,835 | - | 29,701 | - |
| General Government | 170,537 | - | - | - |
| Capital Outlay | 4,800 | - | - | - |
| Other | - | - | - | - |
| Total Governmental Activities | <u>274,598</u> | <u>505</u> | <u>29,701</u> | <u>-</u> |
| Business Type Activities | | | | |
| Water Operating | 76,284 | 61,723 | - | - |
| Sewer Operating | 97,518 | 93,851 | - | - |
| Garbage Operating | 78,831 | 64,932 | - | - |
| Ohio Water Development Authority Loan | 138,044 | 5,433 | - | 115,686 |
| Ohio Public Works Commission Loan | 12,500 | 1,839 | - | 9,750 |
| Enterprise Deposit Fund | 475 | 1,727 | - | - |
| Total Business Type Activities | <u>403,652</u> | <u>229,505</u> | <u>-</u> | <u>125,436</u> |
| Total | <u>\$ 678,250</u> | <u>\$ 230,010</u> | <u>\$ 29,701</u> | <u>\$ 125,436</u> |

General Receipts

Property Taxes
Municipal Income Taxes
Other Taxes
Grants and Entitlements not Restricted to Specific Programs
Earnings on Investments
Miscellaneous

Total General Receipts

Transfers

Total General Receipts, Special & Extraordinary Items, Transfers and Advances

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements
continued

Net (Disbursements) Receipts and Changes in Net Assets

| <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|--|---|---------------------|
| \$ (27,960) | \$ - | \$ (27,960) |
| - | - | - |
| (7,048) | - | (7,048) |
| 272 | - | 272 |
| (1,185) | - | (1,185) |
| (33,134) | - | (33,134) |
| (170,537) | - | (170,537) |
| (4,800) | - | (4,800) |
| - | - | - |
| <u>(244,393)</u> | <u>-</u> | <u>(244,393)</u> |
| - | (14,561) | (14,561) |
| - | (3,667) | (3,667) |
| - | (13,899) | (13,899) |
| - | (16,925) | (16,925) |
| - | (911) | (911) |
| - | 1,252 | 1,252 |
| <u>-</u> | <u>(48,711)</u> | <u>(48,711)</u> |
| <u>\$ (244,393)</u> | <u>\$ (48,711)</u> | <u>\$ (293,104)</u> |
| | | |
| \$ 26,530 | \$ - | \$ 26,530 |
| 109,576 | - | 109,576 |
| 15,917 | - | 15,917 |
| 92,197 | - | 92,197 |
| 7,866 | 1,107 | 8,973 |
| <u>823</u> | <u>400</u> | <u>1,223</u> |
| 252,909 | 1,507 | 254,416 |
| <u>(4,303)</u> | <u>4,303</u> | <u>-</u> |
| <u>248,606</u> | <u>5,810</u> | <u>254,416</u> |
| 4,213 | (42,901) | (38,688) |
| <u>242,291</u> | <u>442,678</u> | <u>684,969</u> |
| <u>\$ 246,504</u> | <u>\$ 399,777</u> | <u>\$ 646,281</u> |

**VILLAGE OF BELLE CENTER VILLAGE
LOGAN COUNTY, OHIO
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005**

| | GENERAL | STREET CONST. MAINT.REP. | STATE HIGHWAY | PERMISSIVE TAX | TOTAL GOVERNMENTAL FUNDS |
|--|-------------------|--------------------------------|------------------|-------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 184,528 | \$ 42,730 | \$ 17,462 | \$ 1,784 | \$ 246,504 |
| Investments | - | - | - | - | - |
| Total Assets | <u>\$ 184,528</u> | <u>\$ 42,730</u> | <u>\$ 17,462</u> | <u>\$ 1,784</u> | <u>\$ 246,504</u> |
| Fund Balances | | | | | |
| Reserved: | | | | | |
| Reserved for Encumbrances | \$ 34,345 | \$ 111 | \$ - | \$ - | \$ 34,456 |
| Unreserved: | | | | | |
| Undesignated (Deficit), Reported in: | | | | | |
| General Fund | 150,183 | - | - | - | 150,183 |
| Special Revenue Funds | - | 42,619 | 17,462 | 1,784 | 61,865 |
| Debt Service Fund | - | - | - | - | - |
| Capital Projects Funds | - | - | - | - | - |
| Permanent Fund | - | - | - | - | - |
| Total Fund Balances | <u>\$ 184,528</u> | <u>\$ 42,730</u> | <u>\$ 17,462</u> | <u>\$ 1,784</u> | <u>\$ 246,504</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

| | GENERAL | STREET CONST. MAINT.REP. | STATE HIGHWAY | PERMISSIVE TAX | FEMA - SNOW | TOTAL |
|---|-------------------|--------------------------------|------------------|-------------------|-------------------|-------------------|
| Receipts | | | | | | |
| Property and Other Local Taxes | \$ 26,530 | \$ 7,544 | \$ 608 | \$ 2,707 | \$ - | \$ 37,389 |
| Municipal Income Taxes | 109,576 | - | - | - | - | 109,576 |
| Intergovernmental | 13,690 | 26,321 | 3,380 | - | 78,507 | 121,898 |
| Fines, Licenses and Permits | 5,563 | - | - | - | - | 5,563 |
| Earnings on Investments | 7,455 | 263 | 147 | - | - | 7,866 |
| Miscellaneous | 823 | - | - | - | - | 823 |
| Total Receipts | <u>163,637</u> | <u>34,128</u> | <u>4,135</u> | <u>2,707</u> | <u>78,507</u> | <u>283,114</u> |
| Disbursements | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 27,960 | - | - | - | - | 27,960 |
| Public Health Services | - | - | - | - | - | - |
| Leisure Time Activities | 7,048 | - | - | - | - | 7,048 |
| Community Environment | 233 | - | - | - | - | 233 |
| Basic Utility Services | 1,185 | - | - | - | - | 1,185 |
| Transportation | 7,640 | 39,164 | 1,653 | 14,378 | - | 62,835 |
| General Government | 170,537 | - | - | - | - | 170,537 |
| Capital Outlay | 4,800 | - | - | - | - | 4,800 |
| Debt Service: | | | | | | |
| Principal Retirement | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Total Disbursements | <u>219,403</u> | <u>39,164</u> | <u>1,653</u> | <u>14,378</u> | <u>-</u> | <u>274,598</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(55,766)</u> | <u>(5,036)</u> | <u>2,482</u> | <u>(11,671)</u> | <u>78,507</u> | <u>8,516</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | 57,096 | 17,108 | - | - | - | 74,204 |
| Transfers Out | - | - | - | - | (78,507) | (78,507) |
| Total Other Financing Sources (Uses) | <u>57,096</u> | <u>17,108</u> | <u>-</u> | <u>-</u> | <u>(78,507)</u> | <u>(4,303)</u> |
| Net Change in Fund Balances | 1,330 | 12,072 | 2,482 | (11,671) | - | 4,213 |
| Fund Balances Beginning of Year | <u>183,198</u> | <u>30,658</u> | <u>14,980</u> | <u>13,455</u> | <u>-</u> | <u>242,291</u> |
| Fund Balances End of Year | <u>\$ 184,528</u> | <u>\$ 42,730</u> | <u>\$ 17,462</u> | <u>\$ 1,784</u> | <u>\$ -</u> | <u>\$ 246,504</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | (Optional) |
|---|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 26,000 | \$ 26,000 | \$ 26,530 | \$ 530 |
| Municipal Income Taxes | 105,500 | 105,500 | 109,576 | 4,076 |
| Intergovernmental | 62,200 | 62,200 | 13,690 | (48,510) |
| Fines, Licenses and Permits | 5,500 | 5,500 | 5,563 | 63 |
| Earnings on Investments | 4,500 | 4,500 | 7,455 | 2,955 |
| Miscellaneous | 2,500 | 2,500 | 823 | (1,677) |
| Total receipts | <u>206,200</u> | <u>206,200</u> | <u>163,637</u> | <u>(42,563)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 27,587 | 32,587 | 28,447 | 4,140 |
| Public Health Services | - | - | - | - |
| Leisure Time Activities | 7,200 | 7,972 | 7,048 | 925 |
| Community Environment | 450 | 450 | 233 | 217 |
| Basic Utility Services | 10,200 | 9,328 | 1,185 | 8,142 |
| Transportation | 14,000 | 14,000 | 7,640 | 6,360 |
| General Government | 200,229 | 200,329 | 171,415 | 28,914 |
| Capital Outlay | 72,000 | 67,000 | 37,782 | 29,218 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | <u>331,665</u> | <u>331,665</u> | <u>253,748</u> | <u>77,917</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(125,465)</u> | <u>(125,465)</u> | <u>(90,111)</u> | <u>35,354</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | 57,096 | 57,096 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>57,096</u> | <u>57,096</u> |
| Net Change in Fund Balance | (125,465) | (125,465) | (33,015) | 92,450 |
| Fund Balance Beginning of Year | 180,773 | 180,773 | 180,773 | - |
| Prior Year Encumbrances Appropriated | <u>2,425</u> | <u>2,425</u> | <u>2,425</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 57,733</u> | <u>\$ 57,733</u> | <u>\$ 150,183</u> | <u>\$ 92,450</u> |

See accompanying notes to the financial statements

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2005**

| | <u>Budgeted Amounts</u> | | | (Optional) Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 6,500 | \$ 6,500 | \$ 7,544 | \$ 1,044 |
| Municipal Income Taxes | - | - | - | - |
| Intergovernmental | 26,000 | 26,000 | 26,321 | 321 |
| Earnings on Investments | 350 | 350 | 263 | (87) |
| Miscellaneous | - | - | - | - |
| Total receipts | <u>32,850</u> | <u>32,850</u> | <u>34,128</u> | <u>1,278</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 42,817 | 42,817 | 39,275 | 3,542 |
| Capital Outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | <u>42,817</u> | <u>42,817</u> | <u>39,275</u> | <u>3,542</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(9,967)</u> | <u>(9,967)</u> | <u>(5,147)</u> | <u>4,820</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | 17,108 | 17,108 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>17,108</u> | <u>17,108</u> |
| Net Change in Fund Balance | (9,967) | (9,967) | 11,961 | 21,928 |
| Fund Balance Beginning of Year | 30,641 | 30,641 | 30,641 | - |
| Prior Year Encumbrances Appropriated | <u>17</u> | <u>17</u> | <u>17</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 20,691</u> | <u>\$ 20,691</u> | <u>\$ 42,619</u> | <u>\$ 21,928</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
State Highway Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | (Optional) |
|---|-------------------------|-----------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 500 | \$ 500 | \$ 608 | \$ 108 |
| Intergovernmental | 2,200 | 2,200 | 3,380 | 1,180 |
| Earnings on Investments | 200 | 200 | 147 | (53) |
| Total receipts | <u>2,900</u> | <u>2,900</u> | <u>4,135</u> | <u>1,235</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 12,000 | 12,000 | 1,653 | 10,347 |
| Total Disbursements | <u>12,000</u> | <u>12,000</u> | <u>1,653</u> | <u>10,347</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(9,100)</u> | <u>(9,100)</u> | <u>2,482</u> | <u>11,582</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (9,100) | (9,100) | 2,482 | 11,582 |
| Fund Balance Beginning of Year | 14,980 | 14,980 | 14,980 | - |
| Prior Year Encumbrances Appropriated | - | - | - | - |
| Fund Balance End of Year | <u>\$ 5,880</u> | <u>\$ 5,880</u> | <u>\$ 17,462</u> | <u>\$ 11,582</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Permissive Tax Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | (Optional) Variance with Final Budget Positive (Negative) |
|---|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 5,000 | \$ 5,000 | \$ 2,707 | \$ (2,293) |
| Total receipts | <u>5,000</u> | <u>5,000</u> | <u>2,707</u> | <u>(2,293)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 14,500 | 14,500 | 14,378 | 122 |
| General Government | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | <u>14,500</u> | <u>14,500</u> | <u>14,378</u> | <u>122</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(9,500)</u> | <u>(9,500)</u> | <u>(11,671)</u> | <u>(2,171)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (9,500) | (9,500) | (11,671) | (2,171) |
| Fund Balance Beginning of Year | 13,455 | 13,455 | 13,455 | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 3,955</u> | <u>\$ 3,955</u> | <u>\$ 1,784</u> | <u>\$ (2,171)</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
FEMA/Snow
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | (Optional) |
|---|-------------------------|--------------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Intergovernmental | \$ - | \$ - | \$ 78,507 | \$ 78,507 |
| Total receipts | <u>-</u> | <u>-</u> | <u>78,507</u> | <u>78,507</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | - | - | - | - |
| General Government | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Disbursements | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Receipts Over (Under) Disbursements | <u>-</u> | <u>-</u> | <u>78,507</u> | <u>78,507</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | <u>-</u> | <u>(78,507)</u> | <u>(78,507)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | - | (78,507) | - | 78,507 |
| Fund Balance Beginning of Year | - | - | - | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ (78,507)</u> | <u>\$ -</u> | <u>\$ 78,507</u> |

See accompanying notes to the financial statements

VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
Statement of Fund Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2005

| | WATER OPERATING | SEWER OPERATING | GARBAGE OPERATING | OHIO WATER | NONMAJOR ENTERPRISE FUNDS | TOTAL ENTERPRISE FUNDS |
|--|--------------------|--------------------|----------------------|-------------------|---------------------------------|------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 10,164 | \$ 12,201 | \$ 17,801 | \$ 52,276 | \$ 4,959 | \$ 97,403 |
| Investments | <u>30,000</u> | <u>-</u> | <u>20,000</u> | <u>221,319</u> | <u>31,055</u> | <u>302,374</u> |
| Total Assets | <u>40,164</u> | <u>12,201</u> | <u>37,801</u> | <u>273,595</u> | <u>36,014</u> | <u>399,777</u> |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Capital Projects | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Other Purposes | - | - | - | - | - | - |
| Unrestricted | <u>40,164</u> | <u>12,201</u> | <u>37,801</u> | <u>273,595</u> | <u>36,014</u> | <u>399,777</u> |
| Total Net Assets | <u>\$ 40,164</u> | <u>\$ 12,201</u> | <u>\$ 37,801</u> | <u>\$ 273,595</u> | <u>\$ 36,014</u> | <u>\$ 399,777</u> |

See accompanying notes to the financial statements

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO**
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Enterprise Fund
For the Year Ended December 31, 2005

| | WATER OPERATING TOTAL | SEWER OPERATING TOTAL | GARBAGE OPERATING TOTAL | OHIO WATER TOTAL | OTHER ENTERPRISE FUNDS TOTAL | TOTAL ENTERPRISE FUNDS |
|---|-----------------------------|-----------------------------|-------------------------------|------------------------|---------------------------------------|------------------------------|
| Operating Receipts | | | | | | |
| Charges for Services | \$ 61,723 | \$ 94,251 | \$ 64,932 | \$ 5,433 | \$ 3,564 | \$ 229,903 |
| Other Operating Receipts | - | - | - | - | - | - |
| Total Operating Receipts | <u>61,723</u> | <u>94,251</u> | <u>64,932</u> | <u>5,433</u> | <u>3,564</u> | <u>229,903</u> |
| Operating Disbursements | | | | | | |
| Personal Services | 40,050 | 4,535 | 11,062 | - | - | 55,647 |
| Employee Fringe Benefits | 800 | - | 650 | - | - | 1,450 |
| Contractual Services | 11,654 | 7,445 | 24,674 | - | - | 43,774 |
| Supplies and Materials | 15,728 | 5,020 | 2,860 | - | - | 23,607 |
| Other | - | 80,517 | - | - | 475 | 80,992 |
| Total Operating Disbursements | <u>68,231</u> | <u>97,518</u> | <u>39,246</u> | <u>-</u> | <u>475</u> | <u>205,470</u> |
| Operating Income (Loss) | <u>(6,508)</u> | <u>(3,267)</u> | <u>25,686</u> | <u>5,433</u> | <u>3,089</u> | <u>24,433</u> |
| Non-Operating Receipts (Disbursements) | | | | | | |
| Special Assessments | - | - | - | 115,686 | 9,750 | 125,436 |
| Earnings on Investments | - | - | - | 1,052 | 55 | 1,107 |
| Capital Outlay | (8,053) | - | (39,585) | - | - | (47,638) |
| Principal Payments | - | - | - | - | (76,292) | (76,292) |
| Interest Payments | - | - | - | - | (74,252) | (150,543) |
| Total Non-Operating Receipts (Disbursements) | <u>(8,053)</u> | <u>-</u> | <u>(39,585)</u> | <u>116,739</u> | <u>(140,738)</u> | <u>(71,638)</u> |
| Income (Loss) before Transfers and Advances | <u>(14,561)</u> | <u>(3,267)</u> | <u>(13,899)</u> | <u>122,172</u> | <u>(137,649)</u> | <u>(47,205)</u> |
| Transfers In | 4,303 | - | - | - | - | 4,303 |
| Transfers Out | - | - | - | - | - | - |
| Advances In | - | - | - | - | - | - |
| Advances Out | - | - | - | - | - | - |
| Change in Net Assets | <u>(10,258)</u> | <u>(3,267)</u> | <u>(13,899)</u> | <u>122,172</u> | <u>(137,649)</u> | <u>(42,902)</u> |
| Net Assets Beginning of Year | <u>50,423</u> | <u>15,468</u> | <u>51,701</u> | <u>151,423</u> | <u>173,663</u> | <u>442,678</u> |
| Net Assets End of Year | <u>\$ 40,164</u> | <u>\$ 12,201</u> | <u>\$ 37,801</u> | <u>\$ 273,595</u> | <u>\$ 36,014</u> | <u>\$ 399,777</u> |

See accompanying notes to the financial statements

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 1 – Description of the Entity

The Village of Belle Center, Logan County, Ohio is a political body and corporation 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The Village provides general government services, water, trash and sewer utilities, maintenance of Village streets and park operations. Fire protection is provided by Richland Township. The Village is a member of BMRT Regional Ambulance District which provides emergency medical services to the Village. The Logan County Sheriff's department provides security of persons and property. The Village is associated with two jointly governed organizations described in Note 13.

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

As discussed further in Note 2.A, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Accounting(continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

These statements adequately disclose material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund – This fund accounts for all financial resources, except those required to be accounted for 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.

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

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for the state's share of the cost of constructing, widening, maintaining, and reconstructing the state highways.

Permissive Tax Fund - This fund receives motor vehicle license tax money which must be used for highway, roads, streets or bridges.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting – Governmental Funds (continued)

FEMA/Snow Fund - This fund received Federal and State funds to be used for disaster clean up.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

Proprietary Funds

These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the Village's major enterprise funds:

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

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

Garbage Fund – The garbage fund accounts for the provision of trash pick up services to the residents and commercial users within the Village and a few outside the Village.

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

C. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Presentation (continued)

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Village as a whole.

The statement of net assets presents the financial condition of the governmental activities of the Village at December 31, 2006 and 2005. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the general revenues of the Village.

Fund Financial Statements - The Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

The Village maintains a cash and investments pool which are used by all funds.

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

During 2006, the Village invested in nonnegotiable certificates of deposit and the nonnegotiable certificates of deposit are reported at cost adjusted by earned interest.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when enabling legislation or creditor, grantors, or other external factors impose limitations on its use.

L. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

L. Interfund Transactions (continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 3 – Deposits and Investments (continued)

agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006 and 2005, \$523,917 and \$562,504 of the Village's deposits were exposed to custodial credit risk because those deposits were uninsured and collateralized up to \$1,000,000 with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$748 for the general fund and \$488 for the street construction maintenance and repair fund. The encumbrances outstanding at December 31, 2005 (budgetary basis) amounted to \$34,456 for the general fund and \$110 for the street construction maintenance and repair fund.

Note 5 – Local Income Tax

The Village levies a 1.0 percent income tax 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. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. The Village allows a credit of the lesser of actual taxes paid to another city or 100.0 percent of the 1.0 percent tax rate on taxable income. Proceeds are placed into the General Fund. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a return annually.

Note 6 – Property Tax

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 (2006) represent the collection of 2004 (2005) taxes. Real property taxes received in 2005 (2006) were levied after October 1, 2004 (2005), on the assessed values as of January 1, 2004 (2005), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid semiannually, the first payment is due on the third Wednesday in February, with the remainder payable by the third Wednesday in July.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 6 – Property Tax (continued)

Public utility property tax receipts received in 2005 (2006) represent the collection of 2004 (2005) taxes. Public utility real and tangible personal property taxes received in 2005 (2006) became a lien on December 31, 2004 (2005), were levied after October 1, 2004 (2005), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (2006) (other than public utility property) represent the collection of 2005 (2006) taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004 (2005), on the true value as of December 31, 2004 (2005). Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2005 (2006), was \$2.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 (2006) property tax receipts were based are as follows:

| <u>2006</u> | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$ 8,390,460 |
| Agriculture | 32,070 |
| Commercial/Industrial/Mineral | 748,390 |
| Public Utility - Personal | 266,590 |
| Tangible Personal Property | 370,825 |
| Total Assessed Value | <u>\$ 9,808,335</u> |

| <u>2005</u> | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$ 8,195,480 |
| Agriculture | 32,070 |
| Commercial/Industrial/Mineral | 749,860 |
| Public Utility - Personal | 271,320 |
| Tangible Personal Property | 508,430 |
| Total Assessed Value | <u>\$ 9,757,160</u> |

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 7 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property , liability, errors and omissions , 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 issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003 the Plan pays the lesser of 5% or \$ 25,000 of casualty losses and the lesser of 5% or \$ 50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

| | <u>2006</u> | <u>2005</u> |
|-----------------|---------------------|---------------------|
| Assets | \$ 9,620,148 | \$ 8,219,430 |
| Liabilities | <u>3,329,620</u> | <u>2,748,639</u> |
| Members’ Equity | <u>\$ 6,290,528</u> | <u>\$ 5,470,791</u> |

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (continued)

defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$20,479, \$19,802, and \$18,537 respectively.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 9 - Post Employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 and 6.00 percent for the next nine years. In subsequent years, (ten and beyond) health care costs were assumed to increase at 4.00 percent.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. Actual employer contributions for 2006 which were used to fund post employment benefits were \$41,176. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$ 11.1 billion. At December 31, 2005 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 10 – Debt

The Village’s long-term debt activity for the year ended December 31, 2006, was as follows:

| | Interest Rate | Balance 12/31/05 | Proceeds | Payments | Balance 12/31/06 | Due Within One Year |
|-----------------------|------------------|---------------------|-------------|--------------------|---------------------|---------------------------|
| <u>Business-type:</u> | | | | | | |
| 2002 OWDA Loan | 4.16% | \$ 1,736,887 | \$ - | \$ (66,473) | \$ 1,670,414 | \$ 69,267 |
| 1999 OPWC Loan | 0% | 200,000 | - | (12,500) | 187,500 | 12,500 |
| Total | | <u>\$ 1,936,887</u> | <u>\$ -</u> | <u>\$ (78,973)</u> | <u>\$ 1,857,914</u> | <u>\$ 81,767</u> |

The Village’s long-term debt activity for the year ended December 31, 2005, was as follows:

| | Interest Rate | Balance 12/31/04 | Proceeds | Payments | Balance 12/31/05 | Due Within One Year |
|-----------------------|------------------|---------------------|-------------|--------------------|---------------------|---------------------------|
| <u>Business-type:</u> | | | | | | |
| 2002 OWDA Loan | 4.16% | \$ 1,800,679 | \$ - | \$ (63,792) | \$ 1,736,887 | \$ 66,473 |
| 1999 OPWC Loan | 0% | 212,500 | - | (12,500) | 200,000 | 12,500 |
| Total | | <u>\$ 2,013,179</u> | <u>\$ -</u> | <u>\$ (76,292)</u> | <u>\$ 1,936,887</u> | <u>\$ 78,973</u> |

The Ohio Water Development Authority (OWDA) loan relates to a sewer system project. The OWDA approved up to \$1,978,994 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$69,022, including interest over 20 years. 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 relates to a sewer system project. The OPWC approved \$250,000 to the Village for this project. The loan will be repaid in semiannual installments of \$ 6,250 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 10 – Debt (continued)

The debt service requirement for business type activities outstanding at December 31, 2006 are as follows:

| Year | OWDA Loan | | OPWC Loan | |
|-----------|--------------------|-------------------|------------------|-------------|
| | Principal | Interest | Principal | Interest |
| 2007 | \$ 69,267 | \$ 68,776 | \$ 12,500 | \$ 0 |
| 2008 | 72,178 | 65,865 | 12,500 | 0 |
| 2009 | 75,212 | 62,831 | 12,500 | 0 |
| 2010 | 78,374 | 59,669 | 12,500 | 0 |
| 2011 | 81,668 | 56,375 | 12,500 | 0 |
| 2012–2016 | 462,808 | 227,408 | 62,500 | 0 |
| 2017–2021 | 568,601 | 120,397 | 62,500 | 0 |
| 2022–2023 | 262,306 | 13,780 | 0 | 0 |
| Totals | <u>\$1,670,414</u> | <u>\$ 675,101</u> | <u>\$187,500</u> | <u>\$ 0</u> |

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The Village has no general obligation debt.

Note 11 – Leases

The Village leases a printer/fax/copier machine under noncancelable leases. The Village disbursed \$ 1,109 to pay lease costs for the year ended December 31, 2005 and \$ 1,307 for 2006. Future lease payments are as follows:

| Year | Amount |
|-------|------------------|
| 2007 | \$ 2,076 |
| 2008 | 2,076 |
| 2009 | 2,076 |
| 2010 | 2,076 |
| 2011 | <u>1,903</u> |
| Total | <u>\$ 10,207</u> |

**VILLAGE OF BELLE CENTER
LOGAN COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Note 12 – Interfund Transfers

During 2005 the following transfers were made:

| | |
|------------------------------------|------------------|
| Transfers from the FEMA Fund to: | |
| General Fund | \$ 57,096 |
| Other Governmental Funds | 17,108 |
| Major Enterprise Fund | 4,303 |
| Total Transfers from the FEMA Fund | <u>\$ 78,507</u> |

During 2006 the following transfers were made:

| | |
|---------------------------------------|------------------|
| Transfers from the General Fund to: | |
| Major Enterprise Fund | <u>\$ 11,787</u> |
| Total Transfers from the General Fund | <u>\$ 11,787</u> |

Transfers for 2005 from the FEMA fund represent funds reimbursed by FEMA for the 2005 ice storm and transferred to the funds where the expenditures were made. Transfers for 2006 represents interest transferred from the General fund to the OWDA fund.

Note 13 – Jointly Governed Organizations

The Logan Union Champaign (LUC) Regional Planning Commission, Logan County, operated under the direction of a 21 member executive committee comprised of representatives of Logan, Union, and Champaign Counties, the cooperating municipalities and citizen members are appointed by the Board of County Commissioners of said counties. The Logan County Auditor acts as the fiscal agent for the commission. Belle Center has not sent a representative since late in 2005.

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 services and responds with mutual aid service to any agency requesting such services.

Note 14 – Fund Cash Balances

The Business-Type Activities Net Assets at January 1, 2006 reflects an increase of \$26 from the Business-Type Activities Net Assets at December 31, 2005. The January 1, 2006 balance reflects a \$26 warrant that was voided in 2006, but written in 2005.

TaylorApplegateHughes

AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Village of Belle Center
Logan County
P.O. Box 508
104 West Buckeye Street
Belle Center, OH 43310

To the Honorable Mayor and Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Belle Center, Logan County, Ohio (the Village) as of and for the years ended December 31, 2006, and December 31, 2005, and have issued our report thereon dated June 12, 2007 wherein we noted the Village of Belle Center prepared its financial statements on the modified cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted other matters involving control and its operations and compliance and other matters that we reported to the management of the Village in a separate letter dated June 12, 2007.

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

Taylor, Applegate, Hughes and Associates, Ltd.
June 12, 2007

**VILLAGE OF BELLE CENTER
 LOGAN COUNTY, OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2006 AND 2005**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|---|
| 2004-001 | O.R.C. Sec. 5705.41(D) – Village did not properly certify the availability of funds prior to purchase commitments | Yes | Finding No Longer Valid |



Mary Taylor, CPA
Auditor of State

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
AUGUST 21, 2007**