

**VILLAGE OF BELLE CENTER
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Belle Center
PO Box 508
Belle Center, OH 43310

We have reviewed the *Independent Auditor's Report* of the Village of Belle Center, Logan County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2021 through December 31, 2022. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery 1:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. **Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010)***.

Due to insufficient policies and procedures, during 2021, the Village incurred Ohio Public Employees Retirement System (OPERS) untimely remittance penalties and interest charges in the amount of \$55. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the funds been remitted by the required due dates. Former Village Fiscal Officer, William McCormick, received or controlled the public money used to make the expenditures.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against William McCormick, in the amount of \$55, and in favor of the Village of Belle Center General Fund, in the amount of \$55.

Village Council
Village of Belle Center
PO Box 508
Belle Center, OH 43310
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Finding For Recovery 2:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. **Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010)**.

Due to insufficient policies and procedures, during 2021, the Village incurred Internal Revenue Service (IRS) and Ohio Attorney General untimely remittance penalties and interest charges in the amount of \$15,759 due to untimely report submissions from 2018, 2019, and 2020. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the funds been remitted by the required due dates. Former Village Fiscal Officer, Rhonda Fitzpatrick, received or controlled the public money used to make the expenditures.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Rhonda Fitzpatrick and her bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$15,759, and in favor of the Village of Belle Center General Fund, Water Operating Fund, Sewer Operating Fund, and Garbage Operating Fund, in the amounts of \$10,287, \$1,824, \$1,824, and \$1,824, respectively.

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 05, 2023

**VILLAGE OF BELLE
CENTER
LOGAN COUNTY**

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Village of Belle Center
Logan County
P.O. Box 508
Belle Center, Ohio 433
To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Belle Center, Logan County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022, and December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, and December 31, 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

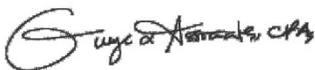
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Columbus, Ohio
August 31, 2023

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 39,729	\$ 5,061	\$ -	\$ 44,790
Municipal Income Tax	\$ 169,844	\$ -	\$ -	169,844
Intergovernmental	111,398	106,554	-	217,952
Charges for Services	-	-	57,134	57,134
Fines, Licenses and Permits	8,827	-	-	8,827
Earnings on Investments	3,728	-	-	3,728
Miscellaneous	25,698	50	-	25,748
<i>Total Cash Receipts</i>	<u>359,224</u>	<u>111,665</u>	<u>57,134</u>	<u>528,023</u>
Cash Disbursements				
Current:				
Security of Persons and Property	13,218	-	-	13,218
Public Health Services	6,414	-	-	6,414
Leisure Time Activities	7,919	-	-	7,919
Community Environment	240	-	-	240
Basic Utility Services	-	86,028	-	86,028
Transportation	1,063	61,724	-	62,787
General Government	246,370	-	-	246,370
Capital Outlay	-	-	57,134	57,134
<i>Total Cash Disbursements</i>	<u>275,224</u>	<u>147,752</u>	<u>57,134</u>	<u>480,110</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>84,000</u>	<u>(36,087)</u>	<u>-</u>	<u>47,913</u>
Non-Operating Receipts (Disbursements)				
Advances In	10,000	-	-	10,000
Advances Out	(10,000)	-	-	(10,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	84,000	(36,087)	-	47,913
<i>Fund Cash Balances, January 1</i>	<u>138,685</u>	<u>132,431</u>	<u>-</u>	<u>271,116</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 222,685</u>	<u>\$ 96,344</u>	<u>\$ -</u>	<u>\$ 319,029</u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 539,805
<i>Total Operating Cash Receipts</i>	539,805
Operating Cash Disbursements	
Personal Services	85,659
Employee Fringe Benefits	11,759
Contractual Services	50,226
Supplies and Materials	70,407
Other	98,727
<i>Total Operating Cash Disbursements</i>	316,778
<i>Operating Income (Loss)</i>	223,027
Non-Operating Receipts (Disbursements)	
Principal Retirement	(212,420)
Interest and Other Fiscal Charges	(20,091)
<i>Total Non-Operating Receipts (Disbursements)</i>	(232,511)
 <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	
<i>Advances In</i>	10,000
<i>Advances Out</i>	(10,000)
<i>Net Change in Fund Cash Balances</i>	(9,484)
 <i>Fund Cash Balances, January 1</i>	295,524
 <i>Fund Cash Balances, December 31</i>	\$ 286,040

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Jointly Governed Organization

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Citgo Project Fund The fund is used for capital improvements for the area where the old Citgo gas station was.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,900	\$359,224	\$148,324
Special Revenue	106,085	111,665	5,580
Capital Projects	57,334	57,134	(200)
Enterprise	489,000	539,805	50,805
Total	\$863,319	\$1,067,828	\$204,509

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$281,530	\$275,224	\$6,306
Special Revenue	164,628	147,752	16,876
Capital Projects	57,334	57,134	200
Enterprise	575,570	549,289	26,281
Total	\$1,079,062	\$1,029,399	\$49,663

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$401,416
Total deposits	401,416
STAR Ohio	203,653
Total investments	203,653
Total carrying amount of deposits and investments held	605,069

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

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

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Investment

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

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

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 7 – Defined Benefit Pension Plans (Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer Improvement	\$133,853	4.16%
OWDA Loan - Water Tower Improvement	768,461	1.05%
Union Bank Garbage Truck Loan	132,235	3.25%
Total	\$1,034,549	

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

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

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

The Union Bank Garbage Truck Loan relates to a contracted loan for the purchase of a Village garbage truck. The loan was issued in 2021 at a rate of 3.25% and is payable from the Garbage Operating Fund. The Village will repay the loan in monthly installments of \$3,250, including interest over 6 years.

Amortization

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

Year Ending December 31:	Sewer Improvement OWDA Loan	Water Tower Improvement OWDA Loan	Union Bank - Garbage Truck Loan
2023	136,897	\$55,505	\$29,137
2024	0	55,505	29,137
2025	0	55,505	29,137
2026		55,505	29,137
2027		55,505	29,137
2028-2032		277,526	0
2033-2037		277,526	0
Total	<u>\$136,897</u>	<u>\$832,577</u>	<u>\$145,685</u>

Note 10 – Jointly Governed Organization

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

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted or committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 22,886	\$ 7,395	\$ -	\$ 30,281
Municipal Income Tax	169,874	-	-	169,874
Intergovernmental	13,269	104,184	-	117,453
Charges for Services	-	-	119,881	119,881
Fines, Licenses and Permits	8,415	-	-	8,415
Earnings on Investments	432	-	-	432
Miscellaneous	1,712	686	-	2,398
<i>Total Cash Receipts</i>	<u>216,588</u>	<u>112,265</u>	<u>119,881</u>	<u>448,734</u>
Cash Disbursements				
Current:				
Security of Persons and Property	65,978	-	-	65,978
Public Health Services	6,043	-	-	6,043
Leisure Time Activities	8,934	-	-	8,934
Community Environment	174	-	-	174
Transportation	1,390	46,445	-	47,835
General Government	123,523	586	-	124,109
Capital Outlay	-	-	235,511	235,511
<i>Total Cash Disbursements</i>	<u>206,042</u>	<u>47,031</u>	<u>235,511</u>	<u>488,584</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	10,546	65,234	(115,630)	(39,850)
Non-Operating Receipts (Disbursements)				
Transfers Out	(72,000)	-	-	(72,000)
Other Financing Uses	(15)	-	-	(15)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,015)</u>	<u>-</u>	<u>-</u>	<u>(72,015)</u>
<i>Net Change in Fund Cash Balances</i>	(61,469)	65,234	(115,630)	(111,865)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>200,154</u>	<u>67,197</u>	<u>115,630</u>	<u>382,981</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 138,685</u>	<u>\$ 132,431</u>	<u>\$ -</u>	<u>\$ 271,116</u>

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 505,345
<i>Total Operating Cash Receipts</i>	505,345
Operating Cash Disbursements	
Personal Services	91,059
Employee Fringe Benefits	14,511
Contractual Services	51,977
Supplies and Materials	47,370
Other	106,780
<i>Total Operating Cash Disbursements</i>	311,697
<i>Operating Income (Loss)</i>	193,648
Non-Operating Receipts (Disbursements)	
Special Assessment	1,663
Loans Issued	158,641
Miscellaneous Receipts	769
Capital Outlay	(158,641)
Principal Retirement	(184,351)
Interest and Other Fiscal Charges	(20,009)
<i>Total Non-Operating Receipts (Disbursements)</i>	(201,928)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	
Transfers In	72,000
<i>Net Change in Fund Cash Balances</i>	63,720
<i>Fund Cash Balances, January 1</i>	231,804
<i>Fund Cash Balances, December 31</i>	\$ 295,524

See accompanying notes to the basic financial statements

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Jointly Governed Organization

The Village participates in a jointly governed organization. Note 11 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Citgo Project Fund The fund is used for capital improvements for the area where the old Citgo gas station was.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Compliance

Contrary to Ohio laws, the Village expenditures exceeded appropriations for the Permissive Tax Fund and the Water Capital Improvement Fund, the Village had appropriations in excess of the estimated resources for the Sewer Operating Fund. Also contrary to Ohio laws, the Village did not adopt its appropriations prior to the required deadline and did not appropriate at the legal level of controls.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,750	\$216,588	\$43,838
Special Revenue	84,596	112,265	27,669
Capital Projects	219,881	119,881	(100,000)
Enterprise	626,904	738,418	111,514
Total	\$1,104,131	\$1,187,152	\$83,021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$308,420	\$296,057	\$12,363
Special Revenue	100,643	47,031	53,612
Capital Projects	243,156	235,511	7,645
Enterprise	715,746	674,698	41,048
Total	\$1,367,965	\$1,253,297	\$114,668

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit investment accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits	\$366,412
Total deposits	366,412
STAR Ohio	200,228
Total investments	200,228
Total carrying amount of deposits and investments held	566,640

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$1,971 in unremitted employee payroll withholdings.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

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

Investment

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

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

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

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (Continued)

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer Improvement	\$262,306	4.16%
OWDA Loan - Water Tower Improvement	815,527	1.05%
OPWC Loan - WasteWater Collection	12,500	0.00%
Union Bank Garbage Truck Loan	156,636	3.25%
Total	\$1,246,969	

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

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

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

The Union Bank Garbage Truck Loan relates to a contracted loan for the purchase of a Village garbage truck. The loan was issued in 2021 at a rate of 3.25% and is payable from the Garbage Operating Fund. The Village will repay the loan in monthly installments of \$3,250, including interest over 6 years.

Amortization

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

Year Ending December 31:	Sewer Improvement OWDA Loan	Water Tower Improvement OWDA Loan	OPWC WasteWater Collection	Union Bank - Garbage Truck Loan
2022	\$ 135,369	\$ 55,505	\$ 12,500	\$ 29,137
2023	136,875	55,505	-	29,137
2024	-	55,505	-	29,137
2025	-	55,505	-	29,137
2026	-	55,505	-	29,137
2027-2031	-	277,526	-	-
2032-2036	-	277,526	-	-
2037-2041	-	55,505	-	-
Total	\$ 272,244	\$ 888,082	\$ 12,500	\$ 145,685

Village of Belle Center, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Jointly Governed Organization

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Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted or committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – Fund Balance Correction

In the prior year, due to issues with bank reconciliations, the Village had overstated its General Fund balance by \$5,085. A fund balance adjustment in the General fund balance was made in 2021 as follows:

<u>Fund Description</u>	<u>Fund Balance at 12/31/2020</u>	<u>Debit</u>	<u>Credit</u>	<u>Restated Fund Balance at 12/31/2020</u>
General Fund	\$ 205,239	\$ 5,085	\$ -	\$ 200,154

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.



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

Village of Belle Center
Logan County
P.O. Box 508
Belle Center, Ohio 433
To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Belle Center, Logan County (the Village) and have issued our report thereon dated August 31, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2022-001 through 2022-003 that we consider to be material weaknesses.

Village of Belle Center
Logan County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as Items No. 2022-001 through 2022-003.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio
August 31, 2023

**VILLAGE OF BELLE CENTER
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 733.28 provides, in part, that the Village Clerk shall keep the books of the Village and exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived therefrom, and of all taxes and assessments. Ohio Admin. Code § 117-2-02(A), states, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

Ohio Rev. Code § 5735.27(A) provides, in part, that villages are to receive tax monies from the State treasury, derived from the gasoline excise tax, to be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes. This money should be receipted into the Street Construction, Maintenance, and Repair Fund (also referred to statutorily as the “gas excise tax fund”). Ohio Rev. Code §§ 5735.051; 5735.27.

Ohio Rev. Code § 5735.28 states wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections 4501.04 and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for such purposes. The financial activity should be receipted to the State Highway Fund (also referred to statutorily as the “highway operating fund”). Ohio Rev. Code §§ 5735.051; 5735.27; 5735.28.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2022-001
(Continued)**

Noncompliance and Material Weakness – Financial Reporting (Continued)

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

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

2021:

- A total of \$158,641 related to the new truck purchase financing was not recorded.
- Principal and Interest payments of \$2,437 were recorded as basic utility services in the Enterprise Funds.
- Audit fees of \$5,203 and contractual services of \$3,918 were recorded as personal services in the General and Enterprise Funds.
- Transfers of \$18,000 that were not approved by Council were recorded.

2022:

- Contractual services of \$9,750 were recorded as personal services in the Enterprise Funds.

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

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

Officials' Response:

The Fiscal Officer now knows the proper procedures to ensure financial records are accurate and complete.

FINDING NUMBER 2022-002

Noncompliance and Material Weakness – Failure to Remit Withholdings

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

VILLAGE OF BELLE CENTER
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002 (Continued)

Noncompliance and Material Weakness – Failure to Remit Withholdings

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

In 2021, the Village did not remit its federal and state withholding amounts on time or timely file its tax withholding reports, resulting in tax filings and payments penalties and interests assessed and paid of \$15,759 to the Internal Revenue Service, and \$1,410 to the Ohio Attorney General.

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

Officials' Response:

The Fiscal Officer now knows the proper procedure to pay employees withholding taxes.

FINDING NUMBER 2022-003

Noncompliance and Material Weakness – Budgetary

Ohio Rev. Code § 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. Transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

Ohio Rev. Code § 5705.36(A)(5) states the total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

Ohio Rev. Code § 5705.38(C) states, in part, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

Ohio Rev. Code § 5705.39 states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

**VILLAGE OF BELLE CENTER
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-003 (Continued)

Noncompliance and Material Weakness – Budgetary (Continued)

Appropriations shall be made from each fund only for the purposes for which such fund is established.

Ohio Rev. Code § 5705.40 states, in part, any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all the provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Ohio Admin. Code 117-2-02(C)(1) states all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. The legal level of control is the level at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. The Village is subject to the requirements of Ohio Rev. Code Section 5705.38.

In 2021, Council approved appropriations at the fund level rather than the required legal level of control.

Council also approved various appropriation amendments throughout 2021; however the amendments were not sent to the County Auditor. Additionally, the Fiscal Officer posted appropriation amendments to the accounting system that were not approved by Council. As a result, expenditures exceeded appropriations by \$7,645 and 3,578 for the Citgo Project Fund and the Sewer Operating Fund, respectively in 2021. The Village also posted incorrect estimated revenue amounts in the accounting system and/or did not request amended certificates from the County Auditor. Consequently, the budgetary note disclosures were inaccurate in the financial reports. Furthermore, in 2021 appropriations exceeded estimated resources for the Sewer Operating Fund by \$19,268. Finally, in 2021, the Village posted transfers of \$90,000 from the General Fund to the Ohio Water Development Authority Loan Fund, whereas Council approved only a total of \$62,000, resulting in adjusted fund balance of \$18,000.

The Village should adopt appropriations at the minimum legal level of control as outlined in ORC 5705.38(C) and verify the approved amounts, including any amendments, are filed with the county auditor and updated appropriately in the accounting system. In addition, the Village should implement procedures to verify changes to estimated revenues are filed with the County Auditor and amended certificates are obtained, and only approved transfers are recorded.

Failure to properly adopt appropriations/amendments, update estimated revenues, file budgetary changes with the County Auditor, update the accounting system, and/or review budget to actual reports can result in inaccurate financial reporting, overspending of resources, and/or unauthorized expenditures.

Officials' Response:

The Fiscal Officer will ensure all budgetary requirements are compliant going forward.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-01	Material Weakness - Financial Reporting	Not Corrected	Reissued as Finding # 2022-01
2020-02	Noncompliance - Failure to Remit Withholdings	Not Corrected	Reissued as Finding # 2022-02
2020-03	Noncompliance and Significant Deficiency – Budgetary	Not Corrected	Reissued as Finding # 2022-03
2020-04	Material Weakness – Bank Reconciliations and Untimely Postings	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BELLE CENTER

LOGAN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/19/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov