



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Belle Center (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013 and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances per the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Vendor Expense Report from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the Special Assessments appearing on the *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and 2013 to the amounts recorded in the Receipt Register Report. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found one exception, in the amount of \$557, where a delinquent sewer receipt was incorrectly posted to the Ohio Water Development Authority Loan Fund 5721 rather than the Sewer Operating Fund 5201. The Fiscal Officer should use due care when posting receipts to ensure amounts are posted to the correct funds.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### **Income Tax Receipts**

1. We obtained the December 31, 2014 Monthly Distribution Summary Report submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. The total gross income taxes per year did not agree to the Village's Receipt Register Report as the Village did not post gross amounts until June 2014. The Village posted \$122,270 in receipts; however the total gross amount was \$123,268. The Village should implement procedures to ensure gross income taxes are reported as receipts with a corresponding expenditure for fees and adjustments.

2. We selected five income tax returns filed during 2013.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Receipt Register Report. The amounts agreed.
  - b. We compared the Receipt Register Report total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
  - c. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2013.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted that each refund was paid by the Fiscal Officer; however, there were no initials or signature that documented the approval. The Fiscal Officer should initial and/or sign refunds documenting approval of payments.
  - c. We noted the refunds were paid from the General Fund as required.

### **Water, Sewer and Garbage Funds**

1. We haphazardly selected 10 Water, Sewer, and Garbage Operating Funds collection cash receipts from the year ended December 31, 2014 and 10 Water, Sewer and Garbage Operating Fund collection cash receipts from the year ended 2013 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Trial Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Billing Trial Balance Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found one exception in 2013, in which the total daily water receipts, in the amount of \$2,547, were posted to the Sewer Fund. The Fiscal Officer should review receipts and implement procedures to ensure revenue sources are posted to the correct funds. Ohio Rev. Code Section 743.06 states money collected for water-works purposes shall be deposited weekly with the treasurer of the municipal corporation, and shall be kept as a separate and distinct fund. The Village's funds have been adjusted to properly report fund balances.
2. We read the Utility Billing Trial Balance Report.
  - a. We noted this report listed \$43,488 and \$22,445 of accounts receivable as of December 31, 2014 and 2013, respectively.
  - b. We were unable to determine the amount of accounts receivable that is more than 90 days delinquent due to the lack of aging information provided by the Village accounts receivable system. Without accounts receivable aging information, the Village lacks reliable information on overdue amounts and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. The Village should obtain software modifications to provide this information.

3. We read the Utility System Monthly 1 Cash Receipts Journal.
  - a. We noted this report listed a total of \$751 and \$519 of non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
  - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that each adjustment was entered into the utility billing system by the Fiscal Officer; however, there were no initials or signature that documented the approval. The Fiscal Officer should initial and/or sign adjustments documenting approval of changes. In addition, Council and/or Mayor should approve the adjustments to ensure proper accountability.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2012. These amounts agreed to the Village's January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
2003 OWDA Loan	\$1,208,615
2002 OPWC Loan	\$118,750
Union Banking Co. – 2010	\$6,000

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3 with the exception of a \$50,241 truck loan from the Union Banking Company, which became an obligation of the Village on April 11, 2014. Although the first payment of this loan was not due until April 11, 2015, the Village failed to record this loan in their Minutes and in the accounting system. The Village should implement procedures to ensure all debt activity is properly reflected in the accounting system.
3. We obtained a summary of loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule(s) to the General, Ohio Public Works Commission Loan, and Ohio Water Development Authority Loan funds payments reported in the Payment Register Detail Report. Although the total payments agreed in 2014, the amounts posted as principal and interest for two of the Ohio Water Development Authority loan payments did not agree with the supporting loan documentation (amortization schedule). The amortization schedule reported \$45,727 and \$46,678; however the principal amounts posted to the Village's accounting records were \$45,708 and \$42,970, respectively. We also compared the date the debt service payments were due to the date the Village made the payments. We found two exceptions in 2013 and one exception in 2014. The Village's payments were due January 1, 2013, June 22, 2013, and January 1, 2014; however those payments were made on January 15, 2013, July 3, 2013, and January 2, 2014, respectively. The Village should review amortization schedules and invoices for all debt payments to ensure all principal and interest allocations are accurate and implement procedures to ensure timely payments.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
  
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files or minute record was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

In regards to steps a. – f. above, one of the tested new employees did not have a personnel file at the Village; therefore, there was no record of his withholding authorizations or retirement system participation. The Village should implement procedures to maintain personnel files on all employees and ensure the proper forms are maintained.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2014. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	December 31, 2014	December 13, 2014	\$1,262.67	\$1,262.67
State income taxes	December 31, 2014	December 12, 2014	\$215.06	\$215.06
Village of Belle Center income taxes	December 31, 2014	December 30, 2014	\$302.17	\$302.17
OPERS retirement	December 31, 2014	December 30, 2014	\$3,040.03	\$3,040.03

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

- d. We found five instances in 2013 and eight instances in 2014 where the certification date was after the vendor invoice date, and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Permissive Tax and Water Operating funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system, except for the General Fund in 2013 and 2014. The Revenue Status report recorded budgeted (i.e. certified) resources for the General Fund of \$143,853 and \$176,168 for 2014 and 2013, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$144,650 and \$175,700. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, State Highway, and Sewer Operating funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found that Council appropriated at the fund level for all funds in 2013 and 2014, which does not meet the requirements of Ohio Rev. Code Section 5705.38(C). The Village should implement procedures to appropriate all funds as the required level.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Street Construction Maintenance & Repair, and Garbage Operating funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the Street Construction Maintenance & Repair Fund in 2013. The Village's approved appropriations for the Street Construction Maintenance & Repair Fund was \$39,671; however, the Appropriation Status Report reflected \$44,671. The Fiscal Officer should periodically compare approved appropriations to the amounts recorded on the Appropriation Status Report to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Other Capital Projects and Water Capital Improvement funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Other Capital Projects and Water Capital Improvement funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Water Capital Improvement Fund during 2014 to collect water surcharges from utility bills.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found one interfund transfer in 2013 from the General Fund to the Sewer Operating Fund for \$10,645, which was not approved by Council and documented in the Village's Minutes. Ohio Rev. Code Section 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. 1989 Op. Atty. Gen. No 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds. To help decrease unauthorized expenditures, the Village should implement policies to ensure all transfers are approved by Village Council and the approval is documented in the minutes.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Fund Ledger Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 25, 2015



# Dave Yost • 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  
NOVEMBER 5, 2015