

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

BRIGETTE GATTON, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Bellville
142 Park Place
Bellville, Ohio 44813

We have reviewed the *Independent Auditor's Report* of the Village of Bellville, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 15, 2014

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**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Bellville, Richland County, Ohio, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village of Bellville prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Bellville as of December 31, 2013 and 2012, or changes in the financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bellville, Richland County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the Village of Bellville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Bellville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 16, 2014

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash receipts:						
Local taxes	\$ 243,532	\$ 219,534	\$ -	\$ -	\$ -	\$ 463,066
Municipal income tax	-	413,846	-	-	-	413,846
Intergovernmental	68,720	130,777	-	340,961	-	540,458
Special Assessments	-	-	-	-	-	-
Charges for services	2,725	64,899	-	-	-	67,624
Fines, licenses, and permits	53,668	3,463	-	-	-	57,131
Interest	181	56	-	-	-	237
Miscellaneous	36,811	14,006	-	-	-	50,817
Total cash receipts	405,637	846,581	-	340,961	-	1,593,179
Cash disbursements:						
Current:						
Security of persons and property	406,014	59,363	-	-	-	465,377
Public health services	-	125,039	-	-	-	125,039
Leisure time activities	34,945	17,213	-	-	-	52,158
Community environment	5,516	-	-	-	-	5,516
Transportation	-	327,089	-	-	-	327,089
General government	236,031	41,168	-	-	-	277,199
Capital outlay	10,655	-	-	390,048	-	400,703
Debt service:						
Principal retirement	11,963	13,271	68,144	-	-	93,378
Interest and fiscal charges	-	1,262	20,393	-	-	21,655
Total cash disbursements	705,124	584,405	88,537	390,048	-	1,768,114
Total cash receipts over/(under) cash disbursements	(299,487)	262,176	(88,537)	(49,087)	-	(174,935)
Other financing receipts/(disbursements):						
Proceeds from sale of notes	33,715	38,000	-	49,087	-	120,802
Proceeds from sale of assets	33,750	-	-	-	-	33,750
Operating transfers in	307,774	109,215	88,537	-	-	505,526
Operating transfers out	(95,973)	(409,553)	-	-	-	(505,526)
Other sources	-	-	-	-	3,494	3,494
Total other financing receipts/(disbursements)	279,266	(262,338)	88,537	49,087	3,494	158,046
Net changes in fund cash balances	(20,221)	(162)	-	-	3,494	(16,889)
Fund cash balances, January 1, 2013	285,108	275,460	-	-	32,868	593,436
Fund cash balances, December 31, 2013:						
Nonspendable	-	-	-	-	36,362	36,362
Restricted	-	245,543	-	-	-	245,543
Committed	-	29,755	-	-	-	29,755
Unassigned	264,887	-	-	-	-	264,887
Fund cash balances, December 31, 2013:	\$ 264,887	\$ 275,298	\$ -	\$ -	\$ 36,362	\$ 576,547

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 460,815	\$ -	\$ 460,815
Total operating cash receipts	<u>460,815</u>	<u>-</u>	<u>460,815</u>
Operating cash disbursements:			
Personal services	94,055	-	94,055
Employee fringe benefits	40,816	-	40,816
Contractual services	111,422	-	111,422
Supplies and material	34,116	-	34,116
Total operating cash disbursements	<u>280,409</u>	<u>-</u>	<u>280,409</u>
Operating income	<u>180,406</u>	<u>-</u>	<u>180,406</u>
Nonoperating cash receipts/(disbursements):			
Intergovernmental receipts	49,915	-	49,915
Miscellaneous receipts	1,488	-	1,488
Proceeds of notes	58,820	-	58,820
Capital outlay	(190,808)	-	(190,808)
Fines collected	-	52,349	52,349
Fines disbursed	-	(51,597)	(51,597)
Other financing uses	(5,000)	-	(5,000)
Debt service:			
Principal retirement	(67,083)	-	(67,083)
Interest and fiscal charges	(19,342)	-	(19,342)
Total nonoperating cash receipts/(disbursements)	<u>(172,010)</u>	<u>752</u>	<u>(171,258)</u>
Net income/(loss)	8,396	752	9,148
Fund cash balances, January 1, 2013	<u>515,356</u>	<u>-</u>	<u>515,356</u>
Fund cash balances, December 31, 2013	<u>\$ 523,752</u>	<u>\$ 752</u>	<u>\$ 524,504</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash receipts:						
Local taxes	\$ 248,805	\$ 194,452	\$ -	\$ -	\$ -	\$ 443,257
Municipal income tax	-	439,997	-	-	-	439,997
Intergovernmental	109,051	167,187	-	19,530	-	295,768
Charges for services	2,350	62,306	-	-	-	64,656
Fines, licenses, and permits	52,398	3,916	-	-	-	56,314
Interest	428	62	-	-	-	490
Miscellaneous	27,574	21,413	-	-	-	48,987
Total cash receipts	<u>440,606</u>	<u>889,333</u>	<u>-</u>	<u>19,530</u>	<u>-</u>	<u>1,349,469</u>
Cash disbursements:						
Current:						
Security of persons and property	327,866	53,718	-	-	-	381,584
Public health services	-	94,542	-	-	-	94,542
Leisure time activities	31,629	58,537	-	-	-	90,166
Community environment	3,284	-	-	-	-	3,284
Transportation	-	251,607	-	-	-	251,607
General government	240,703	50,185	-	-	-	290,888
Capital outlay	10,654	-	-	19,530	-	30,184
Debt service:						
Principal retirement	-	12,845	68,144	-	-	80,989
Interest and fiscal charges	-	1,688	21,852	-	-	23,540
Total cash disbursements	<u>614,136</u>	<u>523,122</u>	<u>89,996</u>	<u>19,530</u>	<u>-</u>	<u>1,246,784</u>
Total cash receipts over/(under) cash disbursements	<u>(173,530)</u>	<u>366,211</u>	<u>(89,996)</u>	<u>-</u>	<u>-</u>	<u>102,685</u>
Other financing receipts/(disbursements):						
Operating transfers in	329,998	124,661	89,882	-	-	544,541
Operating transfers out	(108,743)	(435,798)	-	-	-	(544,541)
Other sources	-	1,920	-	-	3,494	5,414
Total other financing receipts/(disbursements)	<u>221,255</u>	<u>(309,217)</u>	<u>89,882</u>	<u>-</u>	<u>3,494</u>	<u>5,414</u>
Net changes in fund cash balances	47,725	56,994	(114)	-	3,494	108,099
Fund cash balances, January 1, 2012	<u>237,383</u>	<u>218,466</u>	<u>114</u>	<u>-</u>	<u>29,374</u>	<u>485,337</u>
Fund cash balances, December 31, 2012:						
Nonspendable	-	-	-	-	32,868	32,868
Restricted	-	255,822	-	-	-	255,822
Committed	-	19,638	-	-	-	19,638
Unassigned	285,108	-	-	-	-	285,108
Fund cash balances, December 31, 2012:	<u>\$ 285,108</u>	<u>\$ 275,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,868</u>	<u>\$ 593,436</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 477,617	\$ -	\$ 477,617
Total operating cash receipts	<u>477,617</u>	<u>-</u>	<u>477,617</u>
Operating cash disbursements:			
Personal services	94,522	-	94,522
Employee fringe benefits	38,783	-	38,783
Contractual services	118,449	-	118,449
Supplies and material	27,974	-	27,974
Total operating cash disbursements	<u>279,728</u>	<u>-</u>	<u>279,728</u>
Operating income	<u>197,889</u>	<u>-</u>	<u>197,889</u>
Nonoperating cash receipts/(disbursements):			
Intergovernmental receipts	10,710	-	10,710
Miscellaneous receipts	3,799	-	3,799
Proceeds of notes	924	-	924
Capital outlay	(53,726)	-	(53,726)
Fines collected	-	54,718	54,718
Fines disbursed	-	(54,718)	(54,718)
Other financing uses	(1,732)	-	(1,732)
Debt service:			
Principal retirement	(49,136)	-	(49,136)
Interest and fiscal charges	(20,536)	-	(20,536)
Total nonoperating cash receipts/(disbursements)	<u>(109,697)</u>	<u>-</u>	<u>(109,697)</u>
Net income/(loss)	88,192	-	88,192
Fund cash balances, January 1, 2012	<u>427,164</u>	<u>-</u>	<u>427,164</u>
Fund cash balances, December 31, 2012	<u>\$ 515,356</u>	<u>\$ -</u>	<u>\$ 515,356</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Bellville, Richland County, Ohio (the "Village"), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: water and sewer utilities, parks operations (leisure time activities), police protection, mayor's court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. FUND ACCOUNTING

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Funds

These funds account for and report the proceeds of specific revenues 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:

Income Tax Fund -This fund receives income taxes and distributes them in accordance with Village ordinances.

Street Construction, Maintenance & Repair Fund - This fund receives gasoline tax and vehicle tax money for constructing, maintain and repair Village streets.

Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant debt service fund:

General Obligation Bond Retirement Fund - This fund receives transfers from other governmental funds and bond proceeds for the repayment of related principal and interest.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Fund

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

Capital Improvements - This fund receives intergovernmental grant receipts used to account for governmental capital improvements of the Village.

Permanent Fund

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizens). The Village had the following permanent fund:

Cemetery Endowment Fund - This fund receives repayment from the cemetery fund for paying of the cemetery, and interest earned on the principal amount to be used for the perpetual care of the Village cemetery.

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 - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with water services.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with sewer services.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for fines and forfeitures collected by the Mayor's Court to be distributed to the Village and State of Ohio.

B. ACCOUNTING BASIS

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

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

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **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 2013 and 2012 budgetary activity appears in Note 4.

D. 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:

1. **Nonspendable**

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

2. **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 of regulations of other governments; or is imposed by law through constitutional provisions.

3. **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.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in 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.

E. 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.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. 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.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2013</u>	<u>2012</u>
Deposits:		
Demand Deposits	\$ 1,064,691	\$ 1,075,926
Investments:		
STAR Ohio	<u>36,362</u>	<u>32,868</u>
 Total Cash and Investments	 <u>\$ 1,101,053</u>	 <u>\$ 1,108,794</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

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**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,004,181	\$ 780,876	\$ (223,305)
Special Revenue	1,216,169	993,796	(222,373)
Debt Service	88,537	88,537	-
Capital Projects	452,910	390,048	(62,862)
Permanent	-	3,494	3,494
Enterprise	<u>1,770,893</u>	<u>571,038</u>	<u>(1,199,855)</u>
Total	<u>\$ 4,532,690</u>	<u>\$ 2,827,789</u>	<u>\$ (1,704,901)</u>

2013 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 880,089	\$ 801,097	\$ 78,992
Special Revenue	1,096,607	993,958	102,649
Debt Service	88,537	88,537	-
Capital Projects	452,910	390,048	62,862
Enterprise	<u>1,317,421</u>	<u>562,642</u>	<u>754,779</u>
Total	<u>\$ 3,835,564</u>	<u>\$ 2,836,282</u>	<u>\$ 999,282</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 946,831	\$ 770,604	\$ (176,227)
Special Revenue	1,194,334	1,015,914	(178,420)
Debt Service	89,995	89,882	(113)
Capital Projects	27,080	19,530	(7,550)
Permanent	-	3,494	3,494
Enterprise	<u>895,332</u>	<u>493,050</u>	<u>(402,282)</u>
Total	<u>\$ 3,153,572</u>	<u>\$ 2,392,474</u>	<u>\$ (761,098)</u>

2012 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 793,357	\$ 722,879	\$ 70,478
Special Revenue	1,124,406	958,920	165,486
Debt Service	89,996	89,996	-
Capital Projects	27,080	19,530	7,550
Enterprise	<u>924,700</u>	<u>404,858</u>	<u>519,842</u>
Total	<u>\$ 2,959,539</u>	<u>\$ 2,196,183</u>	<u>\$ 763,356</u>

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 5 - PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2013 and December 31, 2012, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2013</u>	<u>Balance at 12/31/2012</u>
Various Purpose Bonds, Series 2011 to finance the construction of the police and maintenance buildings and waterline additions due in annual installments of \$99,700 through 2020, and a final payment in 2021 of \$189,383, bearing interest of 3.6%.	\$ 711,200	\$ 800,100
Truck Bond, Series 2011 to purchase a vehicle for the street department due in quarterly installments of \$2,760 through 2016 bearing interest of 4.0%.	23,632	33,485
2011 Ohio Water Development Authority (OWDA) note for the design of improvements to the Waste Water Treatment Plant (WWTP), due in semi-annual installments of \$5,040 bearing no interest.	20,243	13,964
2008 OWDA note for improvements to the WWTP due in semi-annual installments of \$12,290 through 2026 bearing interest of 4.49%.	233,173	246,821
2005 Ohio Public Works Commission (OPWC) note for the replacement of the Durbin Street Culvert due in semi-annual installments of \$2,622 through 2024 bearing no interest.	55,055	60,299
2005 Cemetery Endowment Permanent Fund note for the paving of the Village cemetery due in monthly installments of \$291 through 2015 bearing interest of 1%.	5,775	9,193
2013 OPWC note for the Streetscape, not complete as of December 31, 2013.	49,087	-
2013 OPWC - CP500 for wastewater treatment plant repair due in semi-annual installments of \$1,321 through 2023 bearing no interest.	25,106	-
2013 Mechanics Bank for a 2013 police cruiser due in annual installments of varying amounts through 2015 bearing an interest rate of 2.15%.	21,752	-
2013 Mechanics Bank for a 2014 Chevrolet Silverado due in annual installments of \$9,500 through 2018 bearing an interest rate of 2.150%.	<u>38,000</u>	<u>-</u>
Total	<u>\$ 1,183,023</u>	<u>\$ 1,163,862</u>

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2013 and December 31, 2012 are summarized as follows:

2013	Balance at 12/31/2012	Proceeds	Retirements	Balance at 12/31/2013
Various Bonds - First Knox National - 2011	\$ 800,100	\$ -	\$ (88,900)	\$ 711,200
Truck Bond - First Knox National - 2011	33,485	-	(9,853)	23,632
Sewer Note - OWDA - 2011 - #5768	13,964	32,393	(26,114)	20,243
Sewer Note - OWDA - 2008 - #4470	246,821	-	(13,648)	233,173
Durbin Street Culvert - OPWC - 2005 - #CP30Q	60,299	-	(5,244)	55,055
Cemetery Pavement - Cemetery Endowment - 2005	9,193	-	(3,418)	5,775
OPWC Screenshot - 2013	-	49,087	-	49,087
Mechanics Bank - 2014 Chevrolet Silverado	-	38,000	-	38,000
Mechanics Bank - 2013 Police Cruiser	-	33,715	(11,963)	21,752
OPWC Wastewater Treatment Plant Repair - #CP500	-	26,427	(1,321)	25,106
Total	<u>\$ 1,163,862</u>	<u>\$ 179,622</u>	<u>\$ (160,461)</u>	<u>\$ 1,183,023</u>

<u>2012</u>	Balance at 12/31/2011	Proceeds	Retirements	Balance at 12/31/2012
Various Bonds - First Knox National - 2011	\$ 889,000	\$ -	\$ (88,900)	\$ 800,100
Truck Bond - First Knox National - 2011	42,946	-	(9,461)	33,485
Sewer Note - OWDA - 2011	23,120	924	(10,080)	13,964
Sewer Note - OWDA - 2008	259,877	-	(13,056)	246,821
Durbin Street Culvert - OPWC - 2005	65,543	-	(5,244)	60,299
Cemetery Pavement - Cemetery Endowment - 2005	12,577	-	(3,384)	9,193
Total	<u>\$ 1,293,063</u>	<u>\$ 924</u>	<u>\$ (130,125)</u>	<u>\$ 1,163,862</u>

The Various Bonds - 2011 are paid out of the General Obligation debt service fund and the Water Operating enterprise fund. The Truck Bond is paid from the Street Construction, Maintenance and Repair special revenue fund. The OWDA 2008 and 2011 notes are paid out of the Sewer fund. The OPWC 2005 loan is paid from the note retirement fund. The Cemetery Endowment Permanent fund notes are paid from the Cemetery special revenue fund. The Mechanics Bank 2013 police cruiser is paid out of the General fund. The OPWC Wastewater Treatment Plant Repair is paid from the Sewer fund. The repayment (principal and interest) from the Cemetery fund is recorded as other services on the combined statement of cash receipts, cash disbursements and changes in fund cash balances - all governmental fund types for the years ended December 31, 2013 and 2012.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2011, are as follows:

Year Ending <u>December 31,</u>	2011 Bonds - First Knox National		2011 Truck Bond, First Knox National		2008 Note - OWDA	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 88,900	\$ 25,603	\$ 7,649	\$ 631	\$ 7,055	\$ 5,235
2015	88,900	22,403	10,556	483	14,588	9,992
2016	88,900	19,255	5,427	82	15,251	9,329
2017	88,900	16,002	-	-	15,943	8,637
2018	88,900	12,802	-	-	16,666	7,914
2019 - 2023	266,700	19,219	-	-	95,399	27,501
2024 - 2026	-	-	-	-	68,271	5,464
Totals	<u>\$ 711,200</u>	<u>\$ 115,284</u>	<u>\$ 23,632</u>	<u>\$ 1,196</u>	<u>\$ 233,173</u>	<u>\$ 74,072</u>

Year Ending <u>December 31,</u>	2005 Note - OPWC	2005 Note - Cemetery Endowment		2013 Note - OPWC	2013 Mechanics - Police Cruiser	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,621	\$ 3,452	\$ 42	\$ 1,321	\$ 11,473	\$ 490
2015	5,242	2,323	9	2,642	10,279	221
2016	5,242	-	-	2,642	-	-
2017	5,242	-	-	2,642	-	-
2018	5,242	-	-	2,642	-	-
2019 - 2023	26,210	-	-	13,217	-	-
2024 - 2026	5,256	-	-	-	-	-
Totals	<u>\$ 55,055</u>	<u>\$ 5,775</u>	<u>\$ 51</u>	<u>\$ 25,106</u>	<u>\$ 21,752</u>	<u>\$ 711</u>

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	2013		Totals	
	Mechanics - 2014 Chevrolet Silverado Principal	Interest	Principal	Interest
2014	\$ 9,500	\$ 817	\$ 131,971	\$ 32,818
2015	9,500	613	144,030	33,721
2016	9,500	409	126,962	29,075
2017	9,500	204	122,227	24,843
2018	-	-	113,450	20,716
2019 - 2023	-	-	401,526	46,720
2024 - 2026	-	-	73,527	5,464
Totals	<u>\$ 38,000</u>	<u>\$ 2,043</u>	<u>\$ 1,113,693</u>	<u>\$ 193,357</u>

On June 16, 2011, OWDA disbursements originated on the Sewer Note for the WWTP Improvements Design loan #5768. The loan is not yet finalized, thus, no amortization exists; however, the Village was required to make semi-annual principal payments in 2013 in the amount of \$13,057.

During 2013, OPWC disbursed monies for the Streetscape project. As of December 31, 2013, the loan was not closed, thus no amortization schedule currently exists.

NOTE 7 - LEASE OBLIGATIONS

In 2012, the Village entered into a lease with Dollar Leasing for a police vehicle. The lease was for \$29,747 due in three annual installments of \$10,654. Payments are recorded as capital outlay in the general fund.

NOTE 8 - LOCAL INCOME TAXES

The Village levies a municipal income tax of 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village contracts with the Regional Income Tax Agency for its collection and processing of its income tax.

NOTE 9 - RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For the years ended December 31, 2013 and 2012, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries for 2013 and 2012, respectively. At December 31, 2013, all amounts for the years ended 2013 and 2012 have been paid.

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Property (fleet and fire)

The Village also provides health, life, disability, and prescription insurance to full-time employees through a private carrier. The Village has obtained commercial insurance for the following: Property, Liability, Automobile Liability, Employee Dishonesty, Theft, all with various deductibles.

NOTE 11 - INTERFUND ACTIVITY

The Village had the following transfers for the year ended December 31, 2013:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 307,774	\$ 95,973
<u>Special Revenue Funds:</u>		
Street Construction, Maintenance and Repair	109,215	44,564
Income Tax	-	364,989
Total Special Revenue Funds	<u>109,215</u>	<u>409,553</u>
<u>Debt Service Funds:</u>		
Note Retirement	5,244	-
General Obligation	83,293	-
Total Debt Service Funds	<u>88,537</u>	<u>-</u>
Total	<u>\$ 505,526</u>	<u>\$ 505,526</u>

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 - INTERFUND ACTIVITY - (Continued)

The Village had the following transfers for the year ended December 31, 2012:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 329,998	\$ 108,743
 <u>Special Revenue Funds:</u>		
Street Construction, Maintenance and Repair	124,661	45,138
Income Tax	-	390,660
Total Special Revenue Funds	<u>124,661</u>	<u>435,798</u>
 <u>Debt Service Funds:</u>		
Note Retirement	5,244	-
General Obligation	84,638	-
Total Debt Service Funds	<u>89,882</u>	<u>-</u>
Total	<u>\$ 544,541</u>	<u>\$ 544,541</u>

The transfers, in both 2013 and 2012, from the Street Construction, Maintenance and Repair fund to the Note Retirement fund and General Obligation Bond Retirement fund were to pay for street related debt. The transfers, in both 2013 and 2012, from the Income Tax fund to the Street Construction, Maintenance and Repair and the General funds were in accordance with Village ordinance.

The above transfers were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 12 - CONTINGENT LIABILITY

LITIGATION

The Village is involved in no material litigations as either plaintiff or defendant.

NOTE 13 - SUBSEQUENT EVENTS

- i.* In 2014, the Village entered into two additional loans with OWDA; one for the water system design for approximately \$110,000 and one for waste water treatment plant improvements for approximately \$408,000.
- ii.* In March of 2014, the Village acquired a promissory note with Mechanics Bank in the amount of \$34,748 at an interest rate of 2.15% for a new vehicle.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards* the financial statements of the Village of Bellville, Richland County, Ohio, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 16, 2014, wherein we noted the Village of Bellville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Members of Council and Mayor
Village of Bellville

Compliance and Other Matters

As part of reasonably assuring whether the Village of Bellville's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Julian & Grube, Inc.
June 16, 2014

**VILLAGE OF BELLVILLE
RICHLAND COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2011-VOB-001	<u>Material Weakness - Financial Statement Presentation</u> - The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.	Yes	N/A
2011-VOB-002	<u>Significant Deficiency - Income Tax Department</u> - The Village lacks internal control over financial reporting for the Income Tax Department due to lack of proper segregation of duties related to processing income tax receipts received by the Village.	Yes	N/A
2011-VOB-003	Ohio Revised Code Section 5705.38(C) requires that 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, which is the minimum legal level of budgetary control as approved by those charged with governance.	Yes	N/A
2011-VOB-004	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Yes	N/A

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Dave Yost • Auditor of State

VILLAGE OF BELLVILLE

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 29, 2014