

Management Letter

City of Belpre
Washington County
715 Park Drive
Belpre, Ohio 45714

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio (the “City”), in accordance with *Government Auditing Standards*, as of and for the year ended December 31, 2019, and have issued our report thereon dated July 29, 2020.

Government Auditing Standards require us to report significant internal control deficiencies and material weaknesses, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated July 29, 2020 for the year ended December 31, 2019.

We are also submitting the following comments for your consideration regarding the City of Belpre’s compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* requires. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your government. If you have questions or concerns regarding these comments, please do not hesitate to contact us.

Noncompliance Citation
Ohio Revised Code

- Criteria: Ohio Revised Code Section 1901.261(B)(1) states permissible expenditures of additional computerization fees charged by the courts. Further guidance regarding this Ohio Revised Code Section can be found in Ohio Auditor of State Bulletins 2005-003 and 97-019, and MAS bulletin 93-02.
- Condition: The City recorded disbursements in the amount of \$1,243 from the Clerks Computer fund for purposes that do not align with the requirements.
- Effect: By not spending the computerization funds properly, the City risks continued noncompliance.
- Recommendation: We recommend that the City evaluate these specific disbursements and make a correcting entry to record these disbursements out of an allowable fund. We further recommend the City review the guidance provided to ensure disbursements from the Clerks Computer fund meet the allowable requirements.

Recommendations

Bank Reconciliations

The reconciliation of cash (bank) balances to accounting system records (book) is an important control/procedure to help ensure proper reporting of City activity. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The City Auditor is responsible for reconciling the book (fund) balance to the total bank balance with zero unidentified variances on a monthly basis, and the Council is responsible for reviewing the reconciliations and related support. The City's bank reconciliation contained various unknown reconciling items. These consisted of miscellaneous receipt and disbursement postings cumulative in 2019 to the amount of \$161 as well as additional remaining unknown variances of immaterial amounts. These variances appear to primarily relate to the City's on-line collecting agent for various City fees/charges. We recommend the City Auditor consult with an outside accounting firm to assist in the preparation of monthly bank reconciliations to zero unidentified amounts, and development of procedures for future reconciliations.

Minimum Funds/Sanitation Fund

Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds results in inflexibility, undue complexity, and inefficient financial administration. Upon review of funds for the following criteria: (1) funds that existed in prior year and (2) funds for which no fund activity existed in 2019, we noted that the Sanitation Fund met both of these criteria. Additionally, we noted that this fund has had no activity since 2011. This fund is carrying a fund cash balance of \$442,858. We recommend the City evaluate the funds maintained to determine if the City is no longer using the fund for the purpose for which it was originally established and approved. If the City determines that the fund does not meet the fund type definition and there is no statutory authority to continue to maintain the fund, the City should consider spending current monies from that fund that were for the funds original purpose or transfer the monies to the General Fund per Ohio Revised Code 5705.14(D).

These comments are intended solely for the information and use of the Members of Council and Mayor of the City of Belpre, Ohio, and are not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 29, 2020