



Dave Yost • Auditor of State



**VILLAGE OF BELMONT  
BELMONT COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Belmont  
Belmont County  
P.O. Box 68  
Belmont, Ohio 43718

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmont, Belmont County, Ohio, (the Village), as of and for the years ended December 31, 2016 and 2015.

### ***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 Ohio Revised Code § 117.38 and Ohio Administrative Code § 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'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'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 obtained is sufficient and appropriate to support our audit opinions.

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

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

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* 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 as of December 31, 2016 and 2015 and the respective changes in 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmont, Belmont County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017, 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. 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's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 1, 2017

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$16,800	\$17,161	\$0	\$33,961
Intergovernmental	30,699	46,462	0	77,161
Charges for Services	11,047	95,375	0	106,422
Fines, Licenses and Permits	500	0	0	500
Earnings on Investments	497	0	0	497
Miscellaneous	58,499	19,620	0	78,119
<i>Total Cash Receipts</i>	<u>118,042</u>	<u>178,618</u>	<u>0</u>	<u>296,660</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	185	161,422	0	161,607
Public Health Services	0	10,936	0	10,936
Leisure Time Activities	8,000	0	0	8,000
Transportation	0	40,049	0	40,049
General Government	99,766	883	0	100,649
Capital Outlay	0	23,000	0	23,000
Debt Service:				
Principal Retirement	0	1,752	0	1,752
Interest and Fiscal Charges	0	355	0	355
<i>Total Cash Disbursements</i>	<u>107,951</u>	<u>238,397</u>	<u>0</u>	<u>346,348</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>10,091</u>	<u>(59,779)</u>	<u>0</u>	<u>(49,688)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	0	23,000	0	23,000
Transfers-In	70,000	0	0	70,000
Transfers-Out	0	(70,000)	0	(70,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>70,000</u>	<u>(47,000)</u>	<u>0</u>	<u>23,000</u>
<i>Net Change in Fund Cash Balances</i>	80,091	(106,779)	0	(26,688)
<i>Fund Cash Balances, January 1</i>	<u>98,146</u>	<u>227,445</u>	<u>40,306</u>	<u>365,897</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	40,000	40,000
Restricted	0	120,666	306	120,972
Unassigned (Deficit)	<u>178,237</u>	<u>0</u>	<u>0</u>	<u>178,237</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$178,237</u></u>	<u><u>\$120,666</u></u>	<u><u>\$40,306</u></u>	<u><u>\$339,209</u></u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$230,722
<i>Total Operating Cash Receipts</i>	230,722
<b>Operating Cash Disbursements</b>	
Personal Services	35,612
Employee Fringe Benefits	3,894
Contractual Services	85,872
Supplies and Materials	14,193
Other	16,588
<i>Total Operating Cash Disbursements</i>	156,159
<i>Operating Income</i>	74,563
<b>Non-Operating (Disbursements)</b>	
Principal Retirement	(13,631)
Interest and Other Fiscal Charges	(31,994)
<i>Total Non-Operating (Disbursements)</i>	(45,625)
<i>Net Change in Fund Cash Balances</i>	28,938
<i>Fund Cash Balances, January 1</i>	180,232
<i>Fund Cash Balances, December 31</i>	\$209,170

*See accompanying notes to the basic financial statements.*



**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Belmont, Belmont County (the Village), 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 utilities and sewer utilities through Belmont County Sanitary Sewer District, park operations, police protection which is contracted with Bethesda, and fire protection.

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

**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 changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types 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:

***Fire Levy Fund*** The Fire Levy Fund is used to support purchases for the Village's volunteer fire department and to record contracts in which the fire department provides to other entities such as: Union Township and Goshen Township.

***EMS Run Fund*** The EMS Run Fund is used to support payroll receipts and expenses for the operations of the EMS department. The village has a paid EMS department that provides emergency service to the Village.

***Permanent Funds*** 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 citizenry). The Village has a Perkins Cemetery permanent fund for the trust of the Perkins cemetery plot.

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Perkins Cemetery Trust Fund*** This nonexpendable trust fund receives interest from a certificate of deposit with the interest to be used for mowing and trimming grass, tree removal, and maintaining the Perkins family grave plot.

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

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

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) 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, function or object level of and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments.

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

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 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. The village has a few CD's with Wesbanco Bank.

***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 three 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.

***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.

***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.

**Village of Belmont, Ohio**  
Belmont County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,625	\$188,042	\$71,417
Special Revenue	263,479	201,618	(61,861)
Enterprise	261,500	230,722	(30,778)
Total	\$641,604	\$620,382	(\$21,222)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,700	\$107,951	\$73,749
Special Revenue	500,452	308,397	192,055
Enterprise	448,951	201,784	247,167
Total	\$1,131,103	\$618,132	\$512,971

**Note 4 - Deposits**

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

Demand deposits	2016 \$426,653
Certificates of deposit	81,691
Other time deposits (savings and NOW accounts)	40,035
Total deposits	\$548,379

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 4 - Deposits (Continued)**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**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 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.

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

**Note 6 - Risk Management**

***Commercial Insurance***

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016:

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 6 - Risk Management (Continued)**

	<u><b>2016</b></u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u><b>\$28,785,581</b></u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$11,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u><b>2016 Contributions to PEP</b></u> <b>\$17,301</b>
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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, 2016.

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

The Village had one paid police man from January until April 2016. This employee paid into OPERS instead of OP&F. After April 2016, the Village no longer had a police force and contracted with the Village of Bethesda for police services.

The Village does not have any paid fire department. The fire department is a volunteer fire department. Only EMT paramedics are paid an hourly salary and was determined by OPERS to be earnable wages under OPERS.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer System Mortgage Revenue Bonds	\$672,400	4.50%
EMS Bond	21,248	3.75%
OPWC Loan	128,891	2.00%
Total	<u>\$822,539</u>	

The Sanitary Sewer System Mortgage Revenue Bonds were issued for the purpose of paying part of the cost of certain sanitary sewer improvements. The bonds were issued in 2009 for \$713,000 at 4.50% interest for 50 years. The loan will be repaid in annual payments of approximately \$39,500. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2016 is \$40,195.

EMS general obligation bonds were issued for the purpose of paying for the purchase of an EMS vehicle for emergency management services in 2016. The bond was issued in 2016 for \$23,000 at 3.75% for 5 years. The loan will be repaid in monthly payments of \$421.55. The Village's taxing authority collateralized the loan.

The Ohio Public Works Commission (OPWC) loan relates to the Sanitary Sewer project. The original loan in 2008 was for \$199,219 at 2.0% interest for 20 years. The loan will be repaid in semiannual payments of \$6,067. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**Village of Belmont, Ohio**  
Belmont County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 9 - Debt (Continued)**

***Amortization***

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

Year ending December 31:	Sanitary Sewer System Mortgage		
	Revenue Bonds	EMS Bond	OPWC Loan
2017	\$39,458	\$5,059	\$12,135
2018	39,544	5,058	12,135
2019	39,508	5,058	12,135
2020	39,453	5,058	12,135
2021	39,481	2,951	12,135
2022-2026	197,496	0	60,673
2027-2031	197,589	0	24,269
2032-2036	197,457	0	0
2037-2041	197,569	0	0
2042-2046	197,445	0	0
2047-2051	118,518	0	0
Total	<u>\$1,303,518</u>	<u>\$23,184</u>	<u>\$145,617</u>

**Note 10 - Construction and Contractual Commitments**

The Village contracts with the Village of Bethesda for police services. Also, the Village of Belmont and the Village of Bethesda also have received a loan through the Local Government Innovations Fund to purchase a street cleaner. Belmont and Bethesda share a 50% interest in the cost and expenses for the cleaner. (See Note 13A)

**Note 11 - Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. 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 12 - Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 13 - Subsequent Events**

***A. Street Cleaner Purchase and LGIF Collaboration Agreement***

On September 1, 2016, the Village entered into a partnership agreement and memorandum of understanding with the Village of Bethesda for the purchase and collaboration of the use of a street cleaner to share costs and responsibilities of street maintenance and cleaning. The quoted purchase price of the street cleaner is \$155,512 to be financed from the Local Government Innovation Fund (LGIF) from the Ohio Development Services Agency. Bethesda and Belmont shall share, in equal shares of 1/2, or 50% of the cost of the street cleaner. Belmont shall provide \$77,706 for the required purchase price capital as required by the LGIF loan.

On January 5, 2017, Village Council passed Ordinance No. 2017-3 to allocate funds for the purchase of a street cleaner in conjunction with the Village of Bethesda as noted above. Village Council authorized the Fiscal Officer to allocate \$77,706 (Belmont's share) from the General Operating Fund for the purchase of the street cleaner. On February 1, 2017, the Village paid the Village of Bethesda \$77,706 for their share of the cost of the street cleaner from the General Fund. On March 12, 2017, the Village of Bethesda reimbursed \$69,980 back to the Village which is a portion of the loan proceeds from the LGIF.

***B. Gulfport Gas and Oil Lease Agreement***

On February 2, 2017, the Village received \$2,566 which was the signing bonus for entering into the "Paid Up Oil and Gas Lease" with Gulfport Energy, Inc., under the name of Belmont Cemetery for the 40.95 acres that is owned by the Village/Village Cemetery. In addition, the Village has received royalty monies from under a separate lease cooperative agreement with Rice Energy and Gulfport Energy in the amount of \$63,214.

***C. Backhoe Purchase***

In May 2017, the Village purchased a 2004 backhoe for \$35,000.

***D. Dodge Ram Truck Purchase and Bond Issue***

In July 2017, the Village purchased the 2017 Dodge Ram for \$40,030 and issued a 5 year truck acquisition bond for \$40,000 to pay for the vehicle.

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**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$11,520	\$15,765	\$0	\$27,285
Intergovernmental	35,330	57,822	0	93,152
Charges for Services	11,853	127,583	0	139,436
Fines, Licenses and Permits	9,528	0	0	9,528
Earnings on Investments	556	0	0	556
Miscellaneous	63,618	100	0	63,718
<i>Total Cash Receipts</i>	<u>132,405</u>	<u>201,270</u>	<u>0</u>	<u>333,675</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	6,038	128,715	0	134,753
Public Health Services	0	7,391	0	7,391
Leisure Time Activities	25,914		0	25,914
Basic Utility Services	6,000		0	6,000
Transportation	0	51,691	0	51,691
General Government	33,760	5,130	0	38,890
Capital Outlay	0	10,552	0	10,552
Debt Service:				
Principal Retirement	0	15,882	0	15,882
Interest and Fiscal Charges	0	531	0	531
<i>Total Cash Disbursements</i>	<u>71,712</u>	<u>219,892</u>	<u>0</u>	<u>291,604</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>60,693</u>	<u>(18,622)</u>	<u>0</u>	<u>42,071</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	1,360	0	0	1,360
<i>Net Change in Fund Cash Balances</i>	62,053	(18,622)	0	43,431
<i>Fund Cash Balances, January 1</i>	<u>36,093</u>	<u>246,067</u>	<u>40,306</u>	<u>322,466</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	40,000	40,000
Restricted	0	227,445	306	227,751
Unassigned (Deficit)	98,146	0	0	98,146
<i>Fund Cash Balances, December 31</i>	<u><u>\$98,146</u></u>	<u><u>\$227,445</u></u>	<u><u>\$40,306</u></u>	<u><u>\$365,897</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$221,058	\$0	\$221,058
<i>Total Operating Cash Receipts</i>	<u>221,058</u>	<u>0</u>	<u>221,058</u>
<b>Operating Cash Disbursements</b>			
Personal Services	17,182		17,182
Employee Fringe Benefits	2,137		2,137
Contractual Services	91,621		91,621
Supplies and Materials	22,028		22,028
<i>Total Operating Cash Disbursements</i>	<u>132,968</u>	<u>0</u>	<u>132,968</u>
<i>Operating Income (Loss)</i>	<u>88,090</u>	<u>0</u>	<u>88,090</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Mayor's Court Fines and Fees		2,110	2,110
Mayor's Court Distribution of Fines and Fees		(2,710)	(2,710)
Principal Retirement	(17,722)		(17,722)
Interest and Other Fiscal Charges	(36,197)		(36,197)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(53,919)</u>	<u>(600)</u>	<u>(54,519)</u>
<i>Net Change in Fund Cash Balances</i>	34,171	(600)	33,571
<i>Fund Cash Balances, January 1</i>	<u>146,061</u>	<u>600</u>	<u>146,661</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$180,232</u></u>	<u><u>\$0</u></u>	<u><u>\$180,232</u></u>

*See accompanying notes to the basic financial statements*

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 - Reporting Entity**

The Village of Belmont, Belmont County (the Village), 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 utilities and sewer utilities through Belmont County Sanitary Sewer District, park operations, police protection which is contracted with Bethesda, and fire protection.

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

**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 changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types 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:

***Fire Levy Fund*** The Fire Levy Fund is used to support purchases for the Village's volunteer fire department and to record contracts in which the fire department provides to other entities such as: Union Township and Goshen Township.

***EMS Run Fund*** The EMS Run Fund is used to support payroll receipts and expenses for the operations of the EMS department. The Village has a paid EMS department that provides emergency service to the Village.

***Permanent Funds*** 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 citizenry). The Village has a Perkins Cemetery permanent fund for the trust of the Perkins cemetery plot.

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Perkins Cemetery Trust Fund*** This nonexpendable trust fund receives interest from a certificate of deposit with the interest to be used for mowing and trimming grass, tree removal, and maintaining the Perkins family grave plot.

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

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 court collections that are distributed to various other subdivisions.

***Mayor's Court Fund*** This fund receives fines, bonds and costs assessed by the Court and disburses these amounts to the State, Village or other payee.

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

***Budgetary Process***

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

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 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. The village has a few CD's with Wesbanco Bank.

***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 three 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.

**Village of Belmont, Ohio**  
Belmont County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***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.

***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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,249	\$133,765	\$29,516
Special Revenue	204,530	201,270	(3,260)
Enterprise	157,960	221,058	63,098
Total	\$466,739	\$556,093	\$89,354

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,251	\$71,712	\$11,539
Special Revenue	362,199	219,892	142,307
Enterprise	270,814	186,887	83,927
Total	\$716,264	\$478,491	\$237,773

Contrary to Ohio Rev. Code § 5705.12 the Village established a Parks and Recreation Fund without board approval or Auditor of State approval which resulted in monies received in this fund without proper authorization.



**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 3 - Budgetary Activity (Continued)**

Also contrary to Ohio Rev. Code § 5705.10(D), certain receipts for proceeds from the sale of property and gas and oil royalty monies were not allocated correctly to the General Fund.

**Note 4 - Deposits**

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

	<u>2015</u>
Demand deposits	\$424,423
Certificates of deposit	81,691
Other time deposits (savings and NOW accounts)	<u>40,015</u>
Total deposits	<u><u>\$546,129</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**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 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.

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

**Note 6 - Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Village of Belmont, Ohio**  
Belmont County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 6 - Risk Management (Continued)**

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$11,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$17,069	\$17,186

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**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, 2015.

The Village had one paid police man from September until December 2015. This employee paid into OPERS instead of OP&F.

The Village does not have any paid fire department. The fire department is a volunteer fire department. EMT paramedics are paid an hourly salary but was contributing to social security instead.

***Social Security***

Several Village 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, 2015.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Mortgage Revenue Bonds	\$681,300	4.50%
OPWC Loan	133,622	2.00%
Total	<u>\$814,922</u>	

The Sanitary Sewer System Mortgage Revenue Bonds were issued for the purpose of paying part of the cost of certain sanitary sewer improvements. The bonds were issued in 2009 for \$713,000 at 4.50% interest for 50 years. The loan will be repaid in annual payments of approximately \$39,500.

**Village of Belmont, Ohio**  
Belmont County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 9 - Debt (Continued)**

Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2015 is \$39,865.

The Ohio Public Works Commission (OPWC) loan relates to the Sanitary Sewer project. The original loan in 2008 was for \$199,219 at 2.0% interest for 20 years. The loan will be repaid in semiannual payments of \$6,067. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

***Amortization***

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

Year ending December 31:	Sanitary Sewer Mortgage Revenue Bonds	OPWC Loan
2016	\$39,559	\$6,067
2017	39,458	12,135
2018	39,544	12,135
2019	39,508	12,135
2020	39,453	12,135
2021-2025	197,510	60,673
2026-2030	197,469	36,404
2031-2035	197,574	0
2036-2040	197,520	0
2041-2045	197,488	0
2046-2050	157,995	0
Total	\$1,343,078	\$151,684

**Note 10 - Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. 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 Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 11 - Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 - Subsequent Events**

***A. Court Order for Transferring Restricted Monies to the General Operating Fund***

The Village obtained a Court of Common Pleas order for permission to transfer restricted monies to the General Operating Fund on October 19, 2016. In prior year 2014, the Village posted \$169,864 of gas and oil revenue to General Fund Miscellaneous Revenue in 2014 and then transferred \$140,864 to various other Special Revenue Funds. In 2016, the Village obtained a court order for this gas and oil money to be put back into the General Fund. The Village arbitrarily transferred what was left to be spent of this money in the amount of 70,000 back to the General Fund.

***B. General Operating Replacement Levy***

On the November 8, 2016 election, the Village placed a 2mill general operating replacement levy on the ballot, and the levy was approved by voters.

***C. OPERS Back Pay for Unpaid and Late Retirement Obligations***

The Village had back-due and unpaid retirement obligations to the Ohio Public Employees' Retirement System (OPERS) due from prior year payroll obligations due in the amount of \$40,120. The Village paid OPERS in full on July 25, 2016.

***D. 2016 EMS Vehicle Bond Issuance***

On August 3, 2016, the Village issued bonds in the amount of \$23,000 for the purposes of paying part of the cost of a 2008 Ford emergency medical services vehicle and related equipment. The bond matures in 2021, with the entire principal balance coming due at maturity and bears interest of 3.75%.

***E. Police Coverage Contractual Agreement***

On April 7, 2016, the Village entered into a contractual agreement with the Village of Bethesda for police coverage. The Village of Belmont terminated the police department and commissioned the Village of Bethesda to serve both Belmont and Bethesda for police coverage in the area.

**Village of Belmont, Ohio**  
*Belmont County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 12 - Subsequent Events (Continued)**

***F. Street Cleaner Purchase and LGIF Collaboration Agreement***

On September 1, 2016, the Village entered into a partnership agreement and memorandum of understanding with the Village of Bethesda for the purchase and collaboration of the use of a street cleaner to share costs and responsibilities of street maintenance and cleaning. The quoted purchase price of the street cleaner is \$155,512 to be financed from the Local Government Innovation Fund (LGIF) from the Ohio Development Services Agency. Bethesda and Belmont shall share, in equal shares of 1/2, or 50% of the cost of the street cleaner. Belmont shall provide \$77,706 for the required purchase price capital as required by the LGIF loan.



# Dave Yost • Auditor of State

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

Village of Belmont  
Belmont County  
P.O. Box 68  
Belmont, Ohio 43718

To the Village Council:

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 cash balances, receipts, and disbursements by fund type of the Village of Belmont, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated November 1, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village'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'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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2016-003 and 2016-004 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village'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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2016-001 and 2016-002.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 1, 2017



**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance**

Ohio Rev. Code § 5705.12 states the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the Auditor of State, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds.

The Village established the Parks and Recreation Fund, Special Revenue Fund Type, in 2014, which is not a required fund. No approval was noted in the minutes and no request for Auditor of State approval was made in the prior audit period nor in the current audit period.

In 2015, there were 3 receipts posted to Miscellaneous revenue in the Parks and Recreation Fund in the aggregate amount of \$6,115. No expenditures were made out of this fund in 2016 or 2015. These receipts should be posted to the General Fund, in which \$4,515 will be classified as Fines, Licenses, and Permits and \$1,600 will be classified as Miscellaneous revenue.

This adjustment, in which management agrees, was posted to the accounting records and is reflected in the accompanying financial statements.

Village Council should approve the establishment of a new fund not required by statute in the minutes and document the source of revenues for this fund and the expenditures that are to be made from this fund. The Village should then seek Auditor of State approval for all new funds, not required by statute.

**Officials' Response:** The monies from the park fund will be expended on the park playground in 2018 and will no longer be used after that. No further receipts will be posted to that account.

**FINDING NUMBER 2016-002**

**Noncompliance**

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose shall be paid into the general fund.

We noted the following in 2015:

- A portion of proceeds of the sale of property in the amount of \$7,500 was posted to the Water Fund Charges for Services instead of General Fund Miscellaneous Revenue.
- Gas and oil royalty monies in the amount of \$4,457 were posted to the Street Fund Charges for Services instead of General Fund Miscellaneous Revenue.

These adjustments, in which management agrees, have been posted to the accounting system and are reflected in the accompanying financial statements.

The Fiscal Officer should utilize available authoritative resources to appropriately record receipt transactions to the correct fund.

**Officials' Response:** The Fiscal Officer will monitor receipts and make sure they are allocated appropriately.

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-003**

**Material Weakness**

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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Officer's Handbook (revised March 2017) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not have control procedures in place to ensure the accuracy of the Fiscal Officer's receipt and expenditure fund/account postings. Receipts and expenditures were not always posted to the correct fund and/or accurate classifications based upon the source of the receipt and the nature of the expenditure.

We noted the following posting errors in 2016:

- The Village posted debt proceeds in the amount of \$23,000 to the EMS Fund to Miscellaneous Revenue instead of Other Financing Sources - Sale of Bonds. In addition, the cost of the equipment from these proceeds was recorded as Security of Persons and Property instead of Capital Outlay.
- The Village did a fund balance adjustment of \$70,000 to record a court order to put gas and oil money back into the General Fund from the Street Maintenance Fund instead of reflecting it as a transfer-in and out.
- The Village posted \$1,752 of principal and \$355 of interest payments on EMS Bonds to Security of Persons and Property in the EMS Fund.

We noted the following posting errors in 2015:

- Mayor's court fines and fees receipts and distribution activity were not posted to the accounting system as an agency fund. Total court fines and fees collected were \$2,110 and total disbursed was \$2,710. There were no receipts or distributions in 2016.
- The Village recorded a State Fire Marshall grant from the Department of Public Safety in the amount of \$18,484 to Charges for Services instead of Intergovernmental within the Fire Fund.
- The Village posted \$8,400 of a USDA Rural Development loan payment to interest instead of principal within the Sewer Debt Sinking Fund.
- The Village posted the ATV loan principal and interests payments in the Fire Levy Fund to Capital Outlay in the amount of \$4,481 and Security of Persons and Property in the amount of \$11,932 instead of posting to principal and interest in the amounts of \$15,882 and \$531, respectively.

The above adjustments, to which management agrees, have been posted to the accounting records and are reflected in the accompanying financial statements.

In addition to the adjustments listed above, we also identified additional posting errors ranging from \$178 to \$4,753 that we have brought to the Village's attention.

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2016-003 (Continued)**

**Material Weakness (Continued)**

The Ohio Village Officer's Handbook also provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

For 2016 and 2015, the Village classified the Perkins Cemetery Permanent Fund balance of \$40,306 as restricted. Within this fund balance, \$40,000 is the nonspendable portion that should be classified as nonspendable on the financial statements. The remaining \$306 is interest earned on the principal properly classified as restricted for cemetery purposes.

The above adjustment, to which management agrees, is reflected in the accompanying financial statements

The Fiscal Officer should also appropriately classify and record all receipt, expenditure, and fund balance transactions based on the source of the receipt, the nature of the expenditure, and upon the constraints placed upon the use of the resources.

**Officials' Response:** The Village will establish a fiduciary fund and begin processing mayor's court correctly in 2017. Also the Fiscal Officer will monitor what accounts receipts and disbursements are made out of so that they go against the correct account and fund.

**FINDING NUMBER 2016-004**

**Material Weakness**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated 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.

During 2015, the Fiscal Officer did not accurately post budgeted receipts, and amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances:

Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting system	Variance
General	\$104,249	\$45,731	\$58,518
Water	60,000	114,562	(54,562)

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2016-004 (Continued)**

**Material Weakness (Continued)**

During 2015, the Fiscal Officer did not accurately post appropriations, and amendments made to them, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances:

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting system	Variance
Police Levy	\$23,011	\$35,290	(\$12,279)
Water	61,655	87,499	(25,844)

As a result, decisions could be made on inaccurate budget versus actual information.

The Fiscal Officer should ensure that the original budgeted receipts approved by the County Budget Commission and appropriation amounts approved by the Village Council plus any approved amendments, agree to the amounts posted to the accounting system.

**Officials' Response:** This was not an issue in 2016 and will not be an issue in the future.

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Material Weakness – Receipt and Disbursement Classifications	Not Corrected	Working on correcting in 2017
2014-002	Material Weakness – Monthly Bank Reconciliations	Partially Corrected	Corrected in 2017
2014-003	Material Weakness – Utility Adjustments to Customer Accounts	Not Corrected	Correcting in 2017 by having board approval for adjustments.
2014-004	Material Weakness – Utility Adding Machine Tape	Finding No Longer Valid	NA
2014-005	Noncompliance Citation and Material Weakness – Permanent Fund Establishment and Interest Allocation	Not Corrected	Will correct in 2017
2014-006	Significant Deficiency – Budgetary Integration	Not Corrected	Should have been corrected in 2017
2014-007	Ohio Rev. Code 5705.39 – Appropriations Exceeding Estimated Resources	Corrected	Corrected
2014-008	Ohio Rev. Code 5705.41(B) – Expenditures Exceeding Appropriations	Not Corrected	Should have been corrected in 2017

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# Dave Yost • Auditor of State

VILLAGE OF BELMONT

BELMONT 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 14, 2017