



Dave Yost • Auditor of State

VILLAGE OF POWHATAN POINT
BELMONT COUNTY
DECEMBER 31, 2016 AND 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Powhatan Point
Belmont County
104 Mellott Street
Powhatan Point, Ohio 43942

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 Powhatan Point, 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.

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, or 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 combined cash balances of the Village of Powhatan Point, Belmont County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, at December 31, 2014, the Agency Fund Type fund balance was restated to reflect the activity of the Mayor's Court as an Agency Fund not previously reported on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 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

August 30, 2017

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$42,163	\$56,788	\$0	\$98,951
Municipal Income Tax	175,510	91,903	0	267,413
Intergovernmental	71,221	141,364	159,811	372,396
Charges for Services	0	60,480	0	60,480
Fines, Licenses and Permits	47,456	12,336	0	59,792
Earnings on Investments	903	100	0	1,003
Miscellaneous	9,437	46,223	0	55,660
<i>Total Cash Receipts</i>	<u>346,690</u>	<u>409,194</u>	<u>159,811</u>	<u>915,695</u>
Cash Disbursements				
Current:				
Security of Persons and Property	150,176	105,282	0	255,458
Public Health Services	5,373	0	0	5,373
Transportation	0	181,525	0	181,525
General Government	130,361	2,964	0	133,325
Capital Outlay	34,693	57,840	196,290	288,823
Debt Service:				
Principal Retirement	2,700	3,648	0	6,348
Interest and Fiscal Charges	1,136	0	0	1,136
<i>Total Cash Disbursements</i>	<u>324,439</u>	<u>351,259</u>	<u>196,290</u>	<u>871,988</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>22,251</u>	<u>57,935</u>	<u>(36,479)</u>	<u>43,707</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	0	36,479	36,479
Transfers In	0	32,700	0	32,700
Transfers Out	(32,700)	0	0	(32,700)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(32,700)</u>	<u>32,700</u>	<u>36,479</u>	<u>36,479</u>
<i>Net Change in Fund Cash Balances</i>	(10,449)	90,635	0	80,186
<i>Fund Cash Balances, January 1</i>	<u>213,399</u>	<u>210,831</u>	<u>0</u>	<u>424,230</u>
Fund Cash Balances, December 31				
Restricted	0	301,466	0	301,466
Unassigned (Deficit)	202,950	0	0	202,950
<i>Fund Cash Balances, December 31</i>	<u><u>\$202,950</u></u>	<u><u>\$301,466</u></u>	<u><u>\$0</u></u>	<u><u>\$504,416</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF POWHATAN POINT
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, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$803,469	\$0	\$803,469
<i>Total Operating Cash Receipts</i>	<u>803,469</u>	<u>0</u>	<u>803,469</u>
Operating Cash Disbursements			
Personal Services	190,937	0	190,937
Employee Fringe Benefits	66,145	0	66,145
Contractual Services	113,768	0	113,768
Supplies and Materials	197,062	0	197,062
Other	700	0	700
<i>Total Operating Cash Disbursements</i>	<u>568,612</u>	<u>0</u>	<u>568,612</u>
<i>Operating Income (Loss)</i>	<u>234,857</u>	<u>0</u>	<u>234,857</u>
Non-Operating Receipts (Disbursements)			
Other Non-Operating Cash Receipts	0	73,079	73,079
Miscellaneous Receipts	2,428	0	2,428
Capital Outlay	(81,314)	0	(81,314)
Principal Retirement	(24,490)	0	(24,490)
Other Non-Operating Cash Disbursements	0	(74,372)	(74,372)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(103,376)</u>	<u>(1,293)</u>	<u>(104,669)</u>
<i>Net Change in Fund Cash Balances</i>	131,481	(1,293)	130,188
<i>Fund Cash Balances, January 1</i>	<u>692,397</u>	<u>4,976</u>	<u>697,373</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$823,878</u></u>	<u><u>\$3,683</u></u>	<u><u>\$827,561</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 1 - Reporting Entity

The Village of Powhatan Point, 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 and sewer utilities, park operations, and police.

The Village participates in the Public Entities Pool of Ohio (PEP) and Ohio Municipal League Group Rating Plan (GRP). Notes 6 and 10 to the financial statements provide additional information for these entities.

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:

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

Fire and Emergency Fund The fire and emergency fund receives property tax, fire and emergency contracts and emergency medical service revenues to operate the Village's volunteer fire department and emergency squad.

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

Grant Construction Fund The Grant Construction Fund receives grant and loan revenues to resurface State Route 7.

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:

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the activity of the Village's Mayor's Court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 § 117.38 and Ohio Administrative Code § 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 control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2016 budgetary activity appears in Note 3.

VILLAGE OF POWHATAN POINT
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 values certificates of deposits at cost.

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 two 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:

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.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 3 - Budgetary Activity

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

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$409,500	\$346,690	(\$62,810)
Special Revenue	479,750	441,894	(37,856)
Capital Projects	250,000	196,290	(53,710)
Enterprise	717,000	805,897	88,897
Total	\$1,856,250	\$1,790,771	(\$65,479)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$475,000	\$357,139	\$117,861
Special Revenue	533,000	351,259	181,741
Capital Projects	250,000	196,290	53,710
Enterprise	798,000	674,416	123,584
Total	\$2,056,000	\$1,579,104	\$476,896

Note 4 - Deposits and Investments

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

	2016
Demand deposits	\$1,041,977
Certificates of deposit	90,000
Other time deposits (savings and NOW accounts)	200,000
Total deposits	\$1,331,977

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village;

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

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.

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

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

Income Taxes

The Village levies a municipal income tax of one (1%) 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.

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.

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.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 6 - Risk Management (Continued)

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.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</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 \$22,000.

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>2016 Contributions to PEP</u>
\$34,510

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

Village 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 POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 7 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Several of the Village's employees and officials 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, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 - Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OWDA Loan	\$342,860	0%
USDA Loan	25,700	4%
OPWC Loan	32,832	0%
Total	\$401,392	

The Ohio Water Development Authority (OWDA) loan relates to the water line replacement. The Village financed \$811,825. \$320,000 of the loan was reduced through an ARRA Principal Forgiveness Grant. The Village makes semi-annual payments of \$12,245. The loan has a maturity date of July 1, 2030. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The USDA approved a loan in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments in the amount of \$3,836, including 4% interest. The loan has a maturity date of December 1, 2024.

The Ohio Public Works Commission approved a loan in the amount of \$36,479. This loan relates to resurfacing State Route 7. The Village will repay the loan in semi-annual payments of \$1,824 over the next 10 years.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 9 - Debt (Continued)

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

Year ending December 31:	OWDA Loan	USDA Loan	OPWC Loan	Grand Total
2017	\$24,490	\$3,828	\$1,824	\$30,142
2018	24,490	3,816	3,648	31,954
2019	24,490	3,800	3,648	31,938
2020	24,490	3,780	3,648	31,918
2021	24,490	3,856	3,648	31,994
2022-2026	122,450	11,460	16,416	150,326
2027-2031	97,960			97,960
Total	<u>\$342,860</u>	<u>\$30,540</u>	<u>\$32,832</u>	<u>\$406,232</u>

Note 10 - 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 POWHATAN POINT
BELMONT COUNTY**

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

	General	Special Revenue	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$41,080	\$57,931	\$99,011
Municipal Income Tax	202,946	99,621	302,567
Intergovernmental	48,745	131,768	180,513
Charges for Services	0	52,221	52,221
Fines, Licenses and Permits	38,046	11,140	49,186
Earnings on Investments	861	127	988
Miscellaneous	30,280	16,706	46,986
	Total Cash Receipts	361,958	731,472
Cash Disbursements			
Current:			
Security of Persons and Property	142,307	157,865	300,172
Public Health Services	4,681	0	4,681
Transportation	0	190,844	190,844
General Government	139,659	3,730	143,389
Capital Outlay	105,193	47,776	152,969
Debt Service:			
Principal Retirement	2,600	0	2,600
Interest and Fiscal Charges	1,179	0	1,179
	Total Cash Disbursements	400,215	795,834
	Excess of Cash Receipts (Under) Cash Disbursements	(33,661)	(64,362)
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	0	950	950
Transfers In	0	10,000	10,000
Transfers Out	(10,000)	0	(10,000)
Other Financing Sources	31,331	0	31,331
	Total Other Financing Receipts (Disbursements)	10,950	32,281
	Net Change in Fund Cash Balances	(12,330)	(32,081)
	Fund Cash Balances, January 1	225,729	456,311
Fund Cash Balances, December 31			
Restricted	0	210,831	210,831
Unassigned (Deficit)	213,399	0	213,399
	Fund Cash Balances, December 31	\$213,399	\$424,230

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF POWHATAN POINT
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 Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$765,903	\$0	\$765,903
<i>Total Operating Cash Receipts</i>	<u>765,903</u>	<u>0</u>	<u>765,903</u>
Operating Cash Disbursements			
Personal Services	185,142	0	185,142
Employee Fringe Benefits	60,416	0	60,416
Contractual Services	121,402	0	121,402
Supplies and Materials	167,772	0	167,772
Other	481	0	481
<i>Total Operating Cash Disbursements</i>	<u>535,213</u>	<u>0</u>	<u>535,213</u>
<i>Operating Income (Loss)</i>	<u>230,690</u>	<u>0</u>	<u>230,690</u>
Non-Operating Receipts (Disbursements)			
Other Non-Operating Cash Receipts	0	60,377	60,377
Miscellaneous Receipts	363	0	363
Capital Outlay	(36,220)	0	(36,220)
Principal Retirement	(24,490)	0	(24,490)
Other Non-Operating Cash Disbursements	<u>0</u>	<u>(60,527)</u>	<u>(60,527)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(60,347)</u>	<u>(150)</u>	<u>(60,497)</u>
<i>Net Change in Fund Cash Balances</i>	170,343	(150)	170,193
<i>Fund Cash Balances, January 1 (Restated-See Note 3)</i>	<u>522,054</u>	<u>5,126</u>	<u>527,180</u>
<i>Fund Cash Balances, December 31</i>	<u>\$692,397</u>	<u>\$4,976</u>	<u>\$697,373</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1 - Reporting Entity

The Village of Powhatan Point, 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 and sewer utilities, park operations, and police.

The Village participates in the Public Entities Pool of Ohio (PEP) and Ohio Municipal League Group Rating Plan (GRP). Notes 7 and 11 to the financial statements provide additional information for these entities.

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

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

Fire and Emergency Fund The fire and emergency fund receives property tax, fire and emergency contracts and emergency medical service revenues to operate the Village's volunteer fire department and emergency squad.

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.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the activity of the Village's Mayor's Court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 § 117.38 and Ohio Administrative Code § 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 control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2015 budgetary activity appears in Note 4.

Deposits and Investments

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

The Village values certificates of deposits at cost.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 two 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:

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 - Restatement of Fund Balance

The beginning fund balance was restated by the Village to reflect the activity of the Mayor's Court as an Agency Fund on the financial statements for the year ended December 31, 2015. This activity was not previously reported on the financial statements by the Village. Reflecting the Mayor's Court activity had the following effect on fund balance at January 1, 2015:

Fund Type	Fund Balance at 12/31/2014	Mayor's Court Activity	Restated Fund Balance at 01/01/15
Agency	\$0	\$5,126	\$5,126
	\$0	\$5,126	\$5,126

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 4 - Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$337,300	\$393,289	\$55,989
Special Revenue	404,450	380,464	(23,986)
Enterprise	616,500	766,266	149,766
Total	\$1,358,250	\$1,540,019	\$181,769

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$475,000	\$405,619	\$69,381
Special Revenue	518,800	400,215	118,585
Enterprise	798,000	595,923	202,077
Total	\$1,791,800	\$1,401,757	\$390,043

Note 5 - Deposits and Investments

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

	2015
Demand deposits	\$831,603
Certificates of deposit	90,000
Other time deposits (savings and NOW accounts)	200,000
Total deposits	\$1,121,603

Deposits

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

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 6 - Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

Income Taxes

The Village levies a municipal income tax of one (1%) 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.

Note 7 - 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.

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 Village.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 7 - Risk Management (Continued)

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, 2015

	<u>2015</u>
Assets	\$38,307,677
Liabilities	(12,759,127)
Net Position	<u>\$25,548,550</u>

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$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 \$22,000.

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>2015 Contributions to PEP</u>
\$34,026

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 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 8 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 11.5% up until June 30, 2015 and contributed 12.25% of their wages thereafter. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

Social Security

Several of the Village's employees and officials 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 9 - Postemployment Benefits

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$367,351	0%
USDA Loan	28,400	4%
Total	<u>\$395,751</u>	

The Ohio Water Development Authority (OWDA) loan relates to the water line replacement. The Village financed \$811,825. \$320,000 of the loan was reduced through an ARRA Principal Forgiveness Grant. The Village makes semi-annual payments of \$12,245. The loan has a maturity date of July 1, 2030. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The USDA approved a loan in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments in the amount of \$3,836, including 4% interest. The loan has a maturity date of December 1, 2024.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 10 - Debt (Continued)

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

Year ending December 31:	OWDA Loan	USDA Loan	Grand Total
2016	\$24,490	\$3,836	\$28,326
2017	24,490	3,836	28,326
2018	24,490	3,816	28,306
2019	24,490	3,800	28,290
2020	24,490	3,780	28,270
2021-2025	122,450	15,316	137,766
2026-2030	122,451		122,451
Total	<u>\$367,351</u>	<u>\$34,384</u>	<u>\$401,735</u>

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.



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 Powhatan Point
Belmont County
104 Mellott Street
Powhatan Point, Ohio 43942

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 Powhatan Point, 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 August 30, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted at December 31, 2014, the Agency Fund Type balance was restated to reflect the activity of the Mayor's Court as an Agency Fund not previously reported on the financial statements.

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 2016-001 and 2016-002 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Findings

The Village's response 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

August 30, 2017

VILLAGE OF POWHATAN POINT
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

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 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 Clerk's receipt account postings. Receipts were not always posted to the correct classification based upon the source of the receipt.

We noted the following posting errors in 2016:

- A County Permissive Motor Vehicle License Tax receipt in the amount of \$46,243 was posted as Property Taxes instead of Intergovernmental within the Permissive Motor Vehicle License County Fund; and
- Ohio Public Works Loan Proceeds in the amount of \$36,479 was posted as Intergovernmental instead of Other Debt Proceeds within the Grant Construction Fund.

We noted the following posting errors in 2015:

- Homestead and Rollback Tax in the amount of \$3,881 was posted as Property Taxes instead of Intergovernmental within the General Fund;
- Income Tax receipt in the amount of \$981 was posted to Intergovernmental instead of Income Taxes within the General Fund; and
- Voided check in the amount of \$31,331 was posted to Miscellaneous Receipts instead of Other Financing Sources within the General Fund.

The adjustments with which the Village officials' agree are reflected in the accompanying financial statements.

The Village should utilize available authoritative resources to appropriately classify and record all receipt transactions.

Officials Response: We will use available resources to ensure that items are properly posted in the accounting system.

**VILLAGE OF POWHATAN POINT
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 2016-002

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 2016 and 2015, the Clerk 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 tables detail these variances:

Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting system	Variance
2016			
General	\$409,500	\$369,500	\$40,000
Street Construction, Maintenance and Repair	187,500	196,050	(8,550)
State Highway	7,700	5,400	2,300
Permissive Vehicle License Tax - County	47,000	46,342	658
Police Disability and Pension	5,500	4,500	1,000
Police Cruiser	24,000	12,000	12,000
Grant Construction	250,000	200,000	50,000
Utilities Deposit	1,000	500	500
2015			
Street Construction, Maintenance and Repair	\$201,050	\$204,050	(\$3,000)
State Highway	8,800	5,800	3,000
Fire and Emergency	111,000	129,000	(18,000)
Mayor's Court Computer	1,200	1,000	200
Police Equipment	7,100	4,100	3,000
Utilities Deposit	2,000	1,000	1,000

During 2016 and 2015, the Clerk 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.

**VILLAGE OF POWHATAN POINT
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 2016-002 (Continued)

Material Weakness (Continued)

The following tables detail these variances:

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting system	Variance
2016			
General	\$475,000	\$504,150	(\$29,150)
Street Construction, Maintenance and Repair	190,000	197,350	(7,350)
State Highway	10,000	5,500	4,500
Permissive Vehicle License Tax - County	47,000	46,342	658
Police Disability and Pension	11,000	9,500	1,500
Enforcement and Education	1,200	600	600
Fire and Emergency	120,000	135,500	(15,500)
Mayor's Court Computer	2,200	2,000	200
Police Equipment	12,000	6,000	6,000
Police Cruiser	34,600	12,000	22,600
Building Construction and Capital Improvement	70,000	65,000	5,000
Grant Construction	250,000	200,000	50,000
Water Operation	350,000	510,750	(160,750)
Sewer Operating	325,000	326,500	(1,500)
Utilities Deposit	3,000	2,000	1,000
2015			
State Highway	\$13,000	\$7,000	\$6,000

Because the information entered into the accounting system was inaccurate, Village management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 and Note 4 to the financial statements, for the years ended December 31, 2016 and 2015, respectively, in order to accurately present budgeted receipts as certified by the County Auditor and appropriations approved by the Village Council.

The Clerk should record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto to the accounting system. The Clerk should post the appropriation resolution/amendments only after the required approvals have been obtained

Officials Response: We will use available resources to ensure that items are properly posted in the accounting system.

**VILLAGE OF POWHATAN POINT
BELMONT COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material Weakness- regarding incorrectly posting of receipts.	Not Corrected	The Clerk is correcting the posting of receipts to the appropriate funds.
2014-002	Ohio Revised Code § 5705.41 (D)- regarding incorrect use of "then and now" certificates, blanket certificates, and super blanket certificates.	Corrected	
2014-003	Ohio Revised Code § 5705.39 regarding appropriations exceeding estimates resources.	Corrected	
2014-004	Ohio Revised Code § 5705.41 (B) regarding disbursements exceeding appropriations.	Corrected	



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VILLAGE OF POWHATAN POINT

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
SEPTEMBER 28, 2017