



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BRIDGEPORT
BELMONT COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

Report on the Financial Statements, Internal Control, and Compliance

Village of Bridgeport
Belmont County
301 Main Street
Bridgeport, Ohio 43912

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018. These procedures were designed to satisfy the audit requirements of § 117.11, Ohio Rev. Code, and § 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2019-019 through 2019-025 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village of Bridgeport, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2019-001 through 2019-018.

Village's Response to Findings

The Village's response to the Findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio

November 5, 2020

**Village of Bridgeport
Belmont County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$148,068	\$81,448	\$0	\$229,516
Municipal Income Tax	24,074	0	0	24,074
Intergovernmental	99,616	143,860	19,497	262,973
Charges for Services	392,227	93,364	0	485,591
Fines, Licenses and Permits	88,044	0	0	88,044
Earnings on Investments	80	0	0	80
Miscellaneous	36,784	2,475	0	39,259
<i>Total Cash Receipts</i>	<u>788,893</u>	<u>321,147</u>	<u>19,497</u>	<u>1,129,537</u>
Cash Disbursements				
Current:				
Security of Persons and Property	456,989	95,798	0	552,787
Public Health Services	0	1,908	0	1,908
Leisure Time Activities	2,692	0	0	2,692
Basic Utility Services	170,924	0	0	170,924
Transportation	0	47,711	0	47,711
General Government	179,634	92,410	0	272,044
Capital Outlay	0	5,284	5,100	10,384
Debt Service:				
Principal Retirement	0	20,754	0	20,754
Interest and Fiscal Charges	14,458	25,000	0	39,458
<i>Total Cash Disbursements</i>	<u>824,697</u>	<u>288,865</u>	<u>5,100</u>	<u>1,118,662</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(35,804)</u>	<u>32,282</u>	<u>14,397</u>	<u>10,875</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	0	81,964	81,964
Other Financing Sources	360	0	0	360
Other Financing Uses	(2)	0	0	(2)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>358</u>	<u>0</u>	<u>81,964</u>	<u>82,322</u>
<i>Net Change in Fund Cash Balances</i>	<u>(35,446)</u>	<u>32,282</u>	<u>96,361</u>	<u>93,197</u>
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>(501,768)</u>	<u>72,866</u>	<u>29,254</u>	<u>(399,648)</u>
Fund Cash Balances, December 31				
Restricted	0	269,339	125,615	394,954
Assigned	0	1,672	0	1,672
Unassigned (Deficit)	(537,214)	(165,863)	0	(703,077)
<i>Fund Cash Balances, December 31</i>	<u>(\$537,214)</u>	<u>\$105,148</u>	<u>\$125,615</u>	<u>(\$306,451)</u>

See accompanying notes to the basic financial statements

**Village of Bridgeport
Belmont County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019**

	Proprietary	Fiduciary Fund Types		Totals
	Fund Type			(Memorandum Only)
	Enterprise	Custodial	Private Purpose Trust	
Operating Cash Receipts				
Charges for Services	\$998,289	\$0	\$0	\$998,289
Miscellaneous	39	0	0	39
<i>Total Operating Cash Receipts</i>	<u>998,328</u>	<u>0</u>	<u>0</u>	<u>998,328</u>
Operating Cash Disbursements				
Personal Services	171,793	0	0	171,793
Employee Fringe Benefits	99,792	0	0	99,792
Contractual Services	222,220	0	0	222,220
Supplies and Materials	349,623	0	0	349,623
<i>Total Operating Cash Disbursements</i>	<u>843,428</u>	<u>0</u>	<u>0</u>	<u>843,428</u>
<i>Operating Income (Loss)</i>	<u>154,900</u>	<u>0</u>	<u>0</u>	<u>154,900</u>
Non-Operating Receipts (Disbursements)				
Special Assessments	50,007	0	0	50,007
Miscellaneous Receipts	6,948	0	0	6,948
Principal Retirement	(37,281)	0	0	(37,281)
Interest and Other Fiscal Charges	(4,472)	0	0	(4,472)
Other Financing Sources	9,000	0	0	9,000
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>24,202</u>	<u>0</u>	<u>0</u>	<u>24,202</u>
<i>Net Change in Fund Cash Balances</i>	179,102	0	0	179,102
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>610,676</u>	<u>250</u>	<u>1,000</u>	<u>611,926</u>
<i>Fund Cash Balances, December 31</i>	<u>\$789,778</u>	<u>\$250</u>	<u>\$1,000</u>	<u>\$791,028</u>

See accompanying notes to the basic financial statements

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1 – REPORTING ENTITY

The Village of Bridgeport (the Village), Belmont County, 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 general governmental services, including street lighting, fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority, and the Eastern Ohio Regional Wastewater Authority, which are defined as jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

B. *Fund Accounting*

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. *General Fund*

The General Fund reports all financial resources except those required to be accounted for 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.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

2. *Special Revenue Funds*

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Emergency Squad Fund – This fund receives the proceeds of charges for services for the Volunteer Fire Squad, as well as grant monies received from the State, for providing ambulance and fire services to residents of the Village and surrounding entities.

3. *Capital Projects 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 (except those financed through enterprise or trust funds).

4. *Enterprise Funds*

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund – This fund receives charges for services revenue from the Village residents to cover water service costs.

5. *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. The Village's private purpose trust fund provides perpetual care for the Watson Lot at Weeks Cemetery. The Village's custodial fund accounts for the fund balance of the Other Agency – County Water Fund.

C. *Budgetary Process*

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year end.

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 Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

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.

A summary of 2019 budgetary activity appears in Note 6.

D. *Deposits and Investments*

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village had a \$60,000 certificate of deposit at December 31, 2019.

E. *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.

F. *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.

G. *Fund Balance*

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. *Nonspendable*

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

2. *Restricted*

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. *Committed*

Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in 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 CASH FUND BALANCES

For 2019, the Village’s financial records required reconstruction as they had in the prior year. As a result of the 2019 reconstruction, adjustments to December 31, 2018 cash fund balances were required. The effect of these adjustments were as follows:

	General	Special Revenue	Enterprise
Cash Fund Balances	(\$604,217)	\$56,431	\$553,741
Restatements	102,449	16,435	56,935
Restated Cash Fund Balances	(\$501,768)	\$72,866	\$610,676

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Contrary to Ohio Rev. Code § 5705.41 (B), budgetary expenditures exceeded appropriation authority in the State Highway and Improvement Fund, Fire and EMS Levy 2000 Fund, Bridgeport Emergency Squad Fund, Grant Construction and Revitalization Fund, Water Operating Fund, and Sewer Operating Fund had expenditures in excess of appropriations of \$9,190, \$15,004, \$13,541, \$5,100, \$95,172 and \$23,035, respectively, for the year ended December 31, 2019.

NOTE 5 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits. The Village has no investments. The carrying amount of deposits at December 31 was as follows:

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

Demand Deposits	\$419,236
Money Market Demand Deposits	5,341
Certificate of Deposit	60,000
Total Deposits	\$484,577

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2019 deposits were insured or collateralized, in accordance with Ohio law.

The Village's certificate of deposit is held as collateral for the repayment of a loan to WesBanco Bank, Inc.

NOTE 6 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2019, are as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$826,829	\$789,253	(\$37,576)
Special Revenue	266,410	321,147	54,737
Capital Projects	0	101,461	101,461
Enterprise	888,000	1,064,283	176,283
Total	\$1,981,239	\$2,276,144	\$294,905

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$780,023	\$906,206	(\$126,183)
Special Revenue	259,710	299,994	(40,284)
Capital Projects	0	5,100	(5,100)
Enterprise	834,810	951,228	(116,418)
Total	\$1,874,543	\$2,162,528	(\$287,985)

NOTE 7 - TAXES

A. *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.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

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

B. Income Taxes

The Village levies a municipal income tax of 1.00 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 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 8 - RISK MANAGEMENT

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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

NOTE 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

Some of the Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has not paid all contributions required through December 31, 2019.

Social Security

Several Village employees (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, 2019.

NOTE 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

NOTE 11 - DEBT

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
<u>Governmental Fund Obligations</u>		
General Obligation Notes	\$230,607	2.6%-3.15%
Police and Fire Pension Liability	24,189	4.25%
<i>Total Governmental</i>	\$254,796	
<u>Enterprise Fund Obligations</u>		
General Obligation Notes	\$17,752	2.1%-2.6%
Ohio Water Development Authority Loan 3456	1,092,633	1.50%
Ohio Water Development Authority Loan 6772	760,060	1.49%-2.00%
Ohio Water Development Authority Loan 7977	10,170	0.00%
OPWC Kirkwood Heights Sewer Project	171,213	2.00%
<i>Total Enterprise</i>	\$2,051,828	

The General Obligation Notes relate to the financing of refuse truck, various vehicles throughout the Village, and repayment of outstanding obligations of the water department. These loans are payable in monthly or annual installments at annual percentage rates of 2.1 percent through 3.04 percent. The Village has pledged assets as security for these loans, as well as a \$60,000 certificate of deposit.

The Ohio Water Development Authority (OWDA) loan 3456 relates to a water and sewer plan expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6772 relates to a water treatment and valve replacement project. The OWDA approved up to \$1,164,125 to the Village for this project. As of December 31, the Village has drawn down \$1,110,581, of which \$288,637 was forgiven. The Village will repay the loan in semiannual installments over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7977 relates to the development of an asset management plan. The loan was issued for a five year period, with semiannual payment at a 0 percent interest rate.

The Village's liability for past service costs related to the Police and Fireman's Pension Fund at December 31, 2019 was \$24,189, with scheduled principal and interest payments through the year 2031. Payments are made from property tax received into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$171,213 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Enterprise Debt Fund.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

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

Year ending December 31:	OWDA	General Obligation Notes	Police and Fire Pension Liability	OPWC		Total
				Kirkwood Heights Sewer Project		
2020	\$160,107	\$74,692	\$3,897	\$18,976		\$257,672
2021	160,107	66,748	3,897	18,976		249,728
2022	160,107	52,505	3,897	18,976		235,485
2023	160,107	43,941	3,897	18,976		226,921
2024	160,107	30,419	3,897	18,976		213,399
2025-2029	738,619	0	19,485	94,880		852,984
2030-2034	181,370	0	6,413	0		187,783
2035-2039	181,370	0	0	0		181,370
2040-2044	181,370	0	0	0		181,370
2045-2046	76,723	0	0	0		76,723
Total	\$2,159,987	\$268,305	\$45,383	\$189,760		\$2,663,435

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. *Eastern Ohio Regional Transit Authority*

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2019. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bridgeport is responsible.

B. *Bel-O-Mar Regional Council*

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County.

The Mayor of the Village of Bridgeport serves as the Village's representative on the board. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2019, the Village made no payments to Bel-O-Mar Regional Council.

C. *Eastern Ohio Regional Wastewater Authority*

The Eastern Ohio Regional Wastewater Authority (EORWA) was established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport, and Martins Ferry. The Authority is operated by a four-member Board of Trustees. One member is appointed by the Mayor of Bridgeport. The Authority is not dependent on the Village of Bridgeport for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 - CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter could adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 14 - SUBSEQUENT EVENTS

A. Fiscal Emergency

On December 4, 2018, the Auditor of State declared the Village of Bridgeport to be in a state of fiscal emergency in accordance with Section 188.03(A) of the Ohio Revised Code. Subsequently, a financial planning and supervision commission has been established, and the Auditor of State will serve as the financial supervisor.

In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the financial planning and supervision commission a financial recovery plan for the Village which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village approved a recovery plan on June 11, 2019. The recovery plan calls for revenue enhancements, including the implementation of a 1 percent municipal income tax, and expenditure reductions including reductions in overtime and changes in healthcare plans. The recovery plan is projected to alleviate fiscal emergency conditions by December 31, 2023. The recovery plan was approved by the Financial Planning and Supervision Commission on June 19, 2019.

B. State of Emergency

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

C. Restructured Ohio Water Development Authority (OWDA) Loan

During the February 28, 2020 meeting, Village Council approved Ordinance 2020-05 accepting the restructured OWDA loan plan that will begin July, 2020. The OWDA loan was restructured due to the Village not remitting payments in accordance with the amortization schedules.

D. Police Levy

During the July 7, 2020 meeting, Village Council approved Ordinance 2020-25 to certify the necessary documentation with Belmont County for the new police levy to be placed on the ballot. Also, during the August 3, 2020 meeting the Village Council approved Resolutions 2020-31 and 2020-32 regarding placing two 1.5 mill renewal current expenses levies on the ballot. All three levies were defeated in the November 3, 2020 general election.

**Village of Bridgeport
Belmont County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$127,248	\$51,022	\$0	\$178,270
Permissive Motor Vehicle License Taxes	0	294	0	294
Intergovernmental	118,649	102,429	0	221,078
Charges for Services	212,453	96,247	0	308,700
Fines, Licenses and Permits	103,211	0	0	103,211
Earnings on Investments	320	0	0	320
Miscellaneous	14,738	11,086	0	25,824
<i>Total Cash Receipts</i>	<u>576,619</u>	<u>261,078</u>	<u>0</u>	<u>837,697</u>
Cash Disbursements				
Current:				
Security of Persons and Property	473,445	101,006	0	574,451
Public Health Services	0	3,549	0	3,549
Basic Utility Services	120,669	0	0	120,669
Transportation	0	155,630	0	155,630
General Government	130,048	1,080	0	131,128
Capital Outlay	73,145	60,482	0	133,627
Debt Service:				
Principal Retirement	24,987	13,473	0	38,460
Interest and Fiscal Charges	2,168	7,280	0	9,448
<i>Total Cash Disbursements</i>	<u>824,462</u>	<u>342,500</u>	<u>0</u>	<u>1,166,962</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(247,843)</u>	<u>(81,422)</u>	<u>0</u>	<u>(329,265)</u>
Other Financing Receipts				
Sale of Notes	36,712	0	0	36,712
<i>Total Other Financing Receipts</i>	<u>36,712</u>	<u>0</u>	<u>0</u>	<u>36,712</u>
<i>Net Change in Fund Cash Balances</i>	<u>(211,131)</u>	<u>(81,422)</u>	<u>0</u>	<u>(292,553)</u>
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>(393,086)</u>	<u>137,853</u>	<u>29,254</u>	<u>(225,979)</u>
Fund Cash Balances, December 31				
Restricted	0	218,815	29,254	248,069
Unassigned (Deficit)	(604,217)	(162,384)	0	(766,601)
<i>Fund Cash Balances, December 31</i>	<u>(\$604,217)</u>	<u>\$56,431</u>	<u>\$29,254</u>	<u>(\$518,532)</u>

See accompanying notes to the basic financial statements

**Village of Bridgeport
Belmont County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018**

	Proprietary	Fiduciary Fund Types		Totals
	Fund Type			(Memorandum Only)
	Enterprise	Agency	Private Purpose Trust	
Operating Cash Receipts				
Charges for Services	\$930,808	\$0	\$0	\$930,808
Miscellaneous	126	0	0	126
<i>Total Operating Cash Receipts</i>	<u>930,934</u>	<u>0</u>	<u>0</u>	<u>930,934</u>
Operating Cash Disbursements				
Personal Services	194,205	0	0	194,205
Employee Fringe Benefits	59,620	0	0	59,620
Contractual Services	367,481	0	0	367,481
Supplies and Materials	226,855	0	0	226,855
Other	2,200	0	0	2,200
<i>Total Operating Cash Disbursements</i>	<u>850,361</u>	<u>0</u>	<u>0</u>	<u>850,361</u>
<i>Operating Income (Loss)</i>	<u>80,573</u>	<u>0</u>	<u>0</u>	<u>80,573</u>
Non-Operating (Disbursements)				
Principal Retirement	(169,219)	0	0	(169,219)
Interest and Other Fiscal Charges	(27,939)	0	0	(27,939)
<i>Total Non-Operating (Disbursements)</i>	<u>(197,158)</u>	<u>0</u>	<u>0</u>	<u>(197,158)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(116,585)</u>	<u>0</u>	<u>0</u>	<u>(116,585)</u>
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>670,326</u>	<u>250</u>	<u>1,000</u>	<u>671,576</u>
<i>Fund Cash Balances, December 31</i>	<u>\$553,741</u>	<u>\$250</u>	<u>\$1,000</u>	<u>\$554,991</u>

See accompanying notes to the basic financial statements

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

NOTE 1 – REPORTING ENTITY

The Village of Bridgeport (the Village), Belmont County, 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 general governmental services, including street lighting, fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority, and the Eastern Ohio Regional Wastewater Authority, which are defined as jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

B. *Fund Accounting*

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. *General Fund*

The General Fund reports all financial resources except those required to be accounted for 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.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

2. *Special Revenue Funds*

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Emergency Squad Fund – This fund receives the proceeds of charges for services for the Volunteer Fire Squad, as well as grant monies received from the State, for providing ambulance and fire services to residents of the Village and surrounding entities.

3. *Capital Projects 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 (except those financed through enterprise or trust funds).

4. *Enterprise Funds*

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund – This fund receives charges for services revenue from the Village residents to cover water service costs.

5. *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. The Village's private purpose trust fund provides perpetual care for the Watson Lot at Weeks Cemetery. The Village's agency fund accounts for the fund balance of the Other Agency – County Water Fund.

C. *Budgetary Process*

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year end.

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 Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

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.

A summary of 2018 budgetary activity appears in Note 6.

D. *Deposits and Investments*

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village had a \$60,000 certificate of deposit at December 31, 2018.

E. *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.

F. *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.

G. *Fund Balance*

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. *Nonspendable*

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

2. *Restricted*

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. *Committed*

Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in 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 CASH FUND BALANCES

For 2018, the Village's financial records required reconstruction as they had in the prior year. As a result of the 2018 reconstruction and 2017 findings for adjustment, adjustments to December 31, 2017 cash fund balances were required. The effect of these adjustments were as follows:

	General	Special Revenue	Enterprise
Cash Fund Balances	(\$366,086)	\$134,253	\$646,926
Restatements	(27,000)	3,600	23,400
Restated Cash Fund Balances	(\$393,086)	\$137,853	\$670,326

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

For 2018, the Village did not file the required budgetary information with the County Auditor which included an official certificate of estimated resources, an amended certificate of estimated resources, and an annual appropriation resolution. Additionally, Village Council did not formally adopt an annual appropriation resolution for 2018 in accordance with Ohio Rev. Code § 5705.38. As such, contrary to Ohio Rev. Code § 5705.41, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2018.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

NOTE 5 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits. The Village has no investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	(\$28,802)
Money Market Demand Deposits	5,261
Certificate of Deposit	60,000
Total Deposits	\$36,459

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2018 deposits were insured or collateralized, in accordance with Ohio law.

The Village's certificate of deposit is held as collateral for the repayment of a loan to WesBanco Bank, Inc.

NOTE 6 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2018, are as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$613,331	\$613,331
Special Revenue	0	261,078	261,078
Enterprise	0	930,934	930,934
Total	\$0	\$1,805,343	\$1,805,343

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$824,462	(\$824,462)
Special Revenue	0	342,500	(342,500)
Enterprise	0	1,047,519	(1,047,519)
Total	\$0	\$2,214,481	(\$2,214,481)

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

NOTE 7 - 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.

NOTE 8 - RISK MANAGEMENT

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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

NOTE 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

Some of the Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has not paid all contributions required through December 31, 2018.

Social Security

Several Village employees (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, 2018.

NOTE 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

NOTE 11 - DEBT

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
<u>Governmental Fund Obligations</u>		
General Obligation Notes	\$138,417	2.6% -3.04%
Police and Fire Pension Liability	24,189	4.25%
<i>Total Governmental</i>	<u>\$162,606</u>	
<u>Enterprise Fund Obligations</u>		
General Obligation Notes	\$39,651	2.1% -2.6%
Ohio Water Development Authority Loan 3456	1,092,633	1.50%
Ohio Water Development Authority Loan 6772	760,060	1.49% -2.00%
OPWC Kirkwood Heights Sewer Project	186,535	2.00%
<i>Total Enterprise</i>	<u>\$2,078,879</u>	

The General Obligation Notes relate to the financing of refuse truck, various vehicles throughout the Village, and repayment of outstanding obligations of the water department. These loans are payable in monthly or annual installments at annual percentage rates of 2.1 percent through 3.04 percent. The Village has pledged assets as security for these loans, as well as a \$60,000 certificate of deposit.

The Ohio Water Development Authority (OWDA) loan 3456 relates to a water and sewer plan expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6772 relates to a water treatment and valve replacement project. The OWDA approved up to \$1,164,125 to the Village for this project. As of December 31, the Village has drawn down \$1,110,581, of which \$288,637 was forgiven. The Village will repay the loan in semiannual installments over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In April 1978, the Village issued mortgage revenue bonds totaling \$1,270,000 and used the proceeds to improve its water system. The bonds were retired in 2018.

The Village's liability for past service costs related to the Police and Fireman's Pension Fund at December 31, 2018 was \$24,189, with scheduled principal and interest payments through the year 2031. Payments are made from property tax received into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$186,535 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Enterprise Debt Fund.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

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

Year ending December 31:	OWDA	General Obligation Notes	Police and Fire Pension Liability	OPWC	Total
				Kirkwood Heights Sewer Project	
2019	\$160,107	\$66,546	\$3,897	\$18,976	\$249,526
2020	160,107	46,164	3,897	18,976	229,144
2021	160,107	37,542	3,897	18,976	220,522
2022	160,107	23,300	3,897	18,976	206,280
2023	160,107	14,735	3,897	18,976	197,715
2024-2028	738,619	1,214	19,485	94,880	854,198
2029-2033	181,370	0	6,413	18,976	206,759
2034-2038	181,370	0	0	0	181,370
2039-2043	181,370	0	0	0	181,370
2044-2046	76,723	0	0	0	76,723
Total	\$2,159,987	\$189,501	\$45,383	\$208,736	\$2,603,607

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. *Eastern Ohio Regional Transit Authority*

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2018. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bridgeport is responsible.

B. *Bel-O-Mar Regional Council*

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County.

The Mayor of the Village of Bridgeport serves as the Village's representative on the board. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2018, the Village made no payments to Bel-O-Mar Regional Council.

C. *Eastern Ohio Regional Wastewater Authority*

The Eastern Ohio Regional Wastewater Authority (EORWA) was established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport, and Martins Ferry. The Authority is operated by a four-member Board of Trustees. One member is appointed by the Mayor of Bridgeport.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

The Authority is not dependent on the Village of Bridgeport for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

NOTE 13 - CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter could adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 14 - SUBSEQUENT EVENTS

A. Fiscal Emergency

On December 4, 2018, the Auditor of State declared the Village of Bridgeport to be in a state of fiscal emergency in accordance with Section 188.03(A) of the Ohio Revised Code. Subsequently, a financial planning and supervision commission has been established, and the Auditor of State will serve as the financial supervisor.

In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the financial planning and supervision commission a financial recovery plan for the Village which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village approved a recovery plan on June 11, 2019. The recovery plan calls for revenue enhancements, including the implementation of a 1 percent municipal income tax, and expenditure reductions including reductions in overtime and changes in healthcare plans. The recovery plan is projected to alleviate fiscal emergency conditions by December 31, 2023. The recovery plan was approved by the Financial Planning and Supervision Commission on June 19, 2019.

B. State of Emergency

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

C. Restructured Ohio Water Development Authority (OWDA) Loan

During the February 28, 2020 meeting, Village Council approved Ordinance 2020-05 accepting the restructured OWDA loan plan that will begin July, 2020. The OWDA loan was restructured due to the Village not remitting payments in accordance with the amortization schedules.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2018

D. Police Levy

During the July 7, 2020 meeting, Village Council approved Ordinance 2020-25 to certify the necessary documentation with Belmont County for the new police levy to be placed on the ballot. Also, during the August 3, 2020 meeting the Village Council approved Resolutions 2020-31 and 2020-32 regarding placing two 1.5 mill renewal current expenses levies on the ballot. All three levies were defeated in the November 3, 2020 general election.

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**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDING NUMBER 2019-001

Finding for Recovery

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period January 1, 2016 to February 5, 2020, the control structure for the Village of Bridgeport (Village) Mayors Court fees lacked proper segregation of duties. When Mayors Court fees were received, the Mayors Court Clerk recorded the payment in a manual duplicate receipt book, recorded all of the payments received in a cash book, prepared the receipts for deposit, and deposited the payments at the bank. The Mayors Court Clerk reported directly to the Mayor and followed his directives, regarding the Mayors Court monies including providing him access to these monies; however, no actual controls or oversight were in place over these funds.

An investigation and special audit conducted by the Special Investigations Unit identified the Village's Mayor, David Smith, misappropriated Mayors Court receipts during the Period, totaling \$26,970. The examination of the Mayors Court bank deposits identified Mayors Court receipts collected but not deposited and 14 checks from Mr. Smith. Two checks were personal checks from Mr. Smith and the remaining 12 were his Village of Bridgeport payroll checks or other miscellaneous checks to Mr. Smith or his wife. Our investigation determined Mr. Smith wrote checks or included other checks to himself to repay some of the Mayors Court fees he had taken. Mr. Smith asserted other times he would use the Mayors Court fees to "cash" his Village payroll check. Documentation was not maintained to determine why Mr. Smith included the checks in the Mayors Court deposits.

On February 5, 2020, Mr. Smith was indicted on one count of theft in office, a felony of the third degree, one count of tampering with records, a felony of the third degree, and two counts of conflict of interest, a misdemeanor of the first degree, in Belmont County Common Pleas Court, Case No. 20-CR-0042.

On July 8, 2020, Mr. Smith plead guilty to one count of theft in office (F3) and one count of conflict of interest (M1). On August 10, 2020, Judge John A. Vavra sentenced Mr. Smith to 36 months in prison, and on September 21, 2020, ordered Mr. Smith to pay \$26,927 in restitution, which included our audit findings from January 1, 2016 through September 25, 2019 totaling, \$24,467, and audit costs totaling \$2,460. Our audit findings identified an additional \$2,503 in misappropriated Mayors Court receipts from September 26, 2019 to February 5, 2020.

In accordance with the foregoing facts from the restitution order and special audit, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued against David Smith for public property converted or misappropriated for \$29,430, and in favor of the Village of Bridgeport's Mayors Court Fund.

Officials' Response: See page 43.

FINDING NUMBER 2019-002

Finding for Recovery

Ohio Rev. Code § 149.43(B) states in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division. **Ohio Rev. Code § 149.351(A)** prohibits the destruction or damage to public records. Also, **State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that governmental expenditures should serve a public purpose.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-002 (Continued)

Finding for Recovery (Continued)

During 2019 and 2018, the Village's debit card, which was controlled by the Village Mayor, David Smith, was used for purchases totaling \$6,130 and \$11,884, respectively; however, the voucher packet, which normally contains an invoice or other documentation to support the expenditure, could not be located for purchases during 2019 and 2018 totaling \$2,965 and \$11,071, respectively. Without the appropriate documentation, it was not possible to determine if the expenditures included items that would not be considered a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against David Smith, former Village of Bridgeport Mayor and his bonding company, the Western Surety Company, in the amount of \$14,036 and in favor of the Village of Bridgeport's General Fund.

Officials' Response: See page 43.

FINDING NUMBER 2019-003

Noncompliance

Ohio Rev. Code § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

Fifteen out of twenty five receipts (60%) tested in 2018, were not deposited with the Fiscal Officer or designated depository for a period ranging from two to seven business days after initial receipt of the monies. Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Village should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

Officials' Response: See page 43.

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code § 117.103(B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, Ohio Rev. Code § 117.103 (B)(2) states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-004 (Continued)

Noncompliance - Ohio Rev. Code §117.103(B)(1) (Continued)

The Village did not provide information to new employees regarding the Ohio fraud-reporting system and the means of reporting fraud. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

Officials' Response: See page 43.

FINDING NUMBER 2019-005

Noncompliance

Ohio Rev. Code § 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days after the close of the fiscal year. The Auditor of State (AOS) may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The Village did not file the 2018 annual financial report until January 3, 2020, which is not within sixty days of year-end.

Additionally, the 2019 and 2018 notes to the financial statements required revisions, which were agreed to by Village management and are reflected in the accompanying notes to the financial statements.

We noted the following:

- Revisions were made to the Summary of Significant Accounting Policies note.
- Revisions were made to the Restatement of Cash Fund Balances note.
- Revisions were made to the Accountability and Compliance note.
- Revisions were made to the Equity in Pooled Deposits and Investments note.
- Revisions were made to the Budgetary Activity note.
- Revisions were made to the Taxes note.
- Revisions were made to the Risk Management note.
- Revisions were made to the Defined Benefit Pension Plan note.
- Revisions were made to the Debt note.

The Village should prepare the annual reports timely based upon financial information in their accounting system. The report should be filed with the Auditor of State within sixty days of fiscal year end. The Village should implement proper systems and procedures to ensure that the financial report is timely and accurately prepared.

Officials' Response: See page 43.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-006

Noncompliance

Ohio Rev. Code § 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. Further, **Ohio Rev. Code § 121.22(G)** states the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such an executive session and only at a regular or special meeting solely to consider any of the following matters:

- 1) The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or officials, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual, unless the public employee, official licensee, or regulated individual requests a public hearing.
- 2) The purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal private interest is adverse to the general public interest.
- 3) Conferring with an attorney for the public body, concerning disputes involving the public body that are the subject of pending or imminent court action.
- 4) Preparing for, conducting, or reviewing negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment.
- 5) Matters required to be kept confidential by federal laws or rules or state statutes.
- 6) Specialized details of security arrangements and emergency response protocols where disclosure of the matters discussed could reasonably be expected to jeopardize the security of the public body or public office.

If a public body holds an executive session to consider any of the matters listed in divisions of this section, the motion and vote to hold that executive session shall state which one or more of the approved matters listed in those divisions are to be considered at the executive session.

Minutes of Village Council regular and special meetings, and Resolutions or Ordinances adopted by Village Council were not promptly prepared, filed, maintained, or available for public viewing or request during 2019 or 2018. During 2018, the Board of Public Affairs entered into executive session during one meeting and failed to document within the minutes the reason for entering into executive session.

The Village should ensure that all documentation relating to information discussed during the Village Council meetings is promptly recorded and made available for public inspection, as required by Ohio Rev. Code § 121.22(C). Additionally, the Village should evaluate their current method of maintaining pertinent public records and consider a more permanent form of record keeping to safeguard the minute records. Further, when voting to enter into executive session, the motion and vote to hold the executive session should state the specific purpose of the session.

Official's Response: See page 43.

FINDING NUMBER 2019-007

Noncompliance

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-007 (Continued)

Noncompliance - Ohio Rev. Code § 135.22 (Continued)

The Village did not have any investments that require continuing education requirements; however, the Fiscal Officer did not provide a notice of exemption to the Auditor of State certified by the Treasurer of State in 2019 and 2018.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

Official's Response: See page 43.

FINDING NUMBER 2019-008

Noncompliance

Ohio Rev. Code § 145.47 requires each employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. **Ohio Rev. Code § 145.48** states, in part, each employer shall pay to the public employees' retirement system an amount that shall have a certain per cent of the earnable salary of all contributors to be known as the "employer contribution."

The Village appears to withhold the proper amounts from employees; however, withholdings were not properly or timely remitted to the Ohio Public Employees Retirement System (OPERS) in 2019 or 2018. Due to the lack of support, we were unable to substantiate if payments made during each year were for current periods or previous periods.

Failure to properly withhold and remit the withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Village to penalties and interest charges.

The Fiscal Officer should remit employee withholdings and employer contributions in a timely fashion to the Ohio Public Employees Retirement System as required. The Village Council should monitor these payments to ensure payments are being made timely and in the appropriate amounts.

Official's Response: See page 43.

FINDING NUMBER 2019-009

Noncompliance

Ohio Rev. Code § 149.43(B)(2) states, in part, that a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-009 (Continued)

Noncompliance - Ohio Rev. Code § 149.43(B)(2) (Continued)

Ohio Rev. Code § 149.43(E)(2) states, in part, that the public office shall distribute the public records policy to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employees acknowledge receipt of the copy of the public records policy. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook.

The Village did not establish a records retention schedule. As a result, there was an increased risk that records could be destroyed without obtaining the approval of the Ohio Historical Society and Auditor of State of Ohio, as required. In addition, neither the Village's elected officials, nor their designees, attended a public records training. The Village also failed to provide required employees with a copy of the public records policy and maintain written evidence that the policy had been received by the required employees. As a result, there was an increased risk that public records could be improperly denied to the public or improperly disposed of, which would potentially subject the Village to fines and other penalties.

The Village should consider consulting with the Ohio Historical Society regarding how long records are to be kept when developing a records retention schedule and policy for disposing of records. In addition, all public officials or his or her designee should attend the required public records training for each term in office. The Village should also designate a public records custodian and maintain written evidence that the public records policy has been distributed to that employee.

Official's Response: See page 43.

FINDING NUMBER 2019-010

Noncompliance

Ohio Rev. Code § 733.81 provides the following training guidelines for Village Fiscal Officers:

- A newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of, office. A fiscal officer who participates in a training program held under § 117.44 of the Revised Code may apply those hours taken before commencing office to the six hours of initial education programs required under this division.
- In addition to the six hours of initial education required under division (B) of this section, a newly elected fiscal officer shall complete at least a total of eighteen continuing education hours during the fiscal officer's first term of office.
- A fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office.
- The requirements shall be proportionally equivalent, based on the time remaining in the vacated office, to the requirements for a newly elected fiscal officer.
- At least two hours of ethics instruction shall be included in the continuing education hours required by divisions (D)(1) and (2) of this §.
- A fiscal officer who participates in a training program or seminar established under § 109.43 of the Revised Code may apply the three hours of training to the continuing education hours required by divisions (D)(1) and (2) of this §.
- A certified public accountant who serves as a fiscal officer may apply to the continuing education hours required by division (D) of this section any hours of continuing education completed under § 4701.11 of the Revised Code after being elected or appointed as a fiscal officer.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-010

Noncompliance - Ohio Rev. Code § 733.81 (Continued)

- A fiscal officer may apply to the continuing education hours required by division (D) of this section any hours of continuing education completed under § 135.22 of the Revised Code after being elected or appointed as a fiscal officer.
- A fiscal officer who teaches an approved continuing education course under division (D) of this § is entitled to credit for the course in the same manner as if the fiscal officer had attended the course.

It does not appear the Fiscal Officer met the obligations required by the Ohio Rev. Code by registering on the Fiscal Integrity Act portal nor were we able to determine if the Fiscal Officer completed the required training.

The Fiscal Officer should register in the Fiscal Integrity Act portal and also complete the required education programs during their term of office.

Official's Response: See page 43.

FINDING NUMBER 2019-011

Noncompliance

Ohio Rev. Code § 742.31 requires each employee to contribute an amount equal to a percentage of the employee's salary to the Ohio Police and Fire Pension Fund in the amount of twelve and one-quarter per cent. **Ohio Rev. Code § 742.33** states, in part, that each employer shall pay monthly, on such dates as the board of trustees of the Ohio Police and Fire Pension Fund requires, an amount known as "police officer employers' contribution," which shall be nineteen and one-half per cent of the salaries of the members of the police department of the employer. Additionally, **Ohio Rev. Code § 742.32 and § 742.35** states that the employer shall make each payment not later than the last day of the month after the month for which the police officer or firefighter employee contributions were withheld. If an employer fails to make the payment installment by the date it is due, a penalty shall be assessed against the employer.

The Village appears to withhold the proper amounts from employees; however, withholdings were not properly or timely remitted to the Ohio Police and Fire Pension Fund in 2019 or 2018. Due to the lack of support, we were unable to substantiate if payments made during each year were for current periods or previous periods.

Failure to properly withhold and remit the withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Village to penalties and interest charges.

The Fiscal Officer should remit employee withholdings and employer contributions in a timely fashion to the Ohio Police and Fire Pension Fund as required. The Village Council should monitor these payments to ensure payments are being made timely and in the appropriate amounts.

Official's Response: See page 43.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-012

Noncompliance

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. **Ohio Rev. Code § 5705.10(D)** provides in part that 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.

Receipts were not always posted to the correct fund based upon the source of the receipt.

During 2019, we noted the following:

- Permissive Motor Vehicle License Tax levied by the Village which totaled \$24,785 was improperly posted to the Street Construction & Maintenance and State Highway Funds in the amount of \$23,069 and \$1,716, respectively.
- Property taxes in the amount of \$4,149 and Intergovernmental revenue in the amount of \$1,653 were improperly posted to the Fire & EMS 2000 Fund and should have been posted to the Fire & EMS 2013 fund.

During 2018, we noted the following:

- Property and Other Taxes in the amount of \$819 was improperly posted to Charges for Services within the Bridgeport Emergency Squad Fund and should have been posted to the Fire and EMS Levy 2013 Fund.

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

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Official's Response: See page 43.

FINDING NUMBER 2019-013

Noncompliance

Ohio Rev. Code § 5705.10(F) requires, in part, if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements; provided that the proceeds from the sale of a public utility shall be paid into the sinking fund or bond retirement fund to the extent necessary to provide for the retirement of the outstanding indebtedness incurred in the construction or acquisition of such utility. Further, **Ohio Rev. Code § 5705.01(E)** states that "Permanent improvement" or "improvement" means any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

During 2019, Village Council sold land owned by the Village for \$81,964. The proceeds of the sale of the land were improperly posted to the General Fund, and should have been posted to the Permanent Improvement Fund.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-013 (Continued)

Noncompliance - Ohio Rev. Code § 5705.10(F) (Continued)

This adjustment, to which Village management agrees, has been posted to the Village's accounting records and is reflected in the accompanying financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement controls to ensure all transactions are reviewed to help ensure posting to the proper funds.

Official's Response: See page 43.

FINDING NUMBER 2019-014

Noncompliance

Ohio Rev. Code §5705.38(A) states, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. Further, **Ohio Rev. Code §5705.38(C)** requires that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village Council did not approve permanent appropriations in 2019 until August 21, 2019, and Village Council did not approve permanent appropriations in 2018.

The Village should ensure that permanent appropriations are approved on or about the first day of each fiscal year or no later than the first day of April if temporary appropriations are approved and in place.

Official's Response: See page 43.

FINDING NUMBER 2019-015

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's State Highway and Improvement Fund, Fire and EMS Levy 2000 Fund, Bridgeport Emergency Squad Fund, Grant Construction and Revitalization Fund, Water Operating Fund, and Sewer Operating Fund had expenditures in excess of appropriations of \$9,190, \$15,004, \$13,541, \$5,100, \$95,172 and \$23,035, respectively, as of December 31, 2019. Additionally, we noted all expenditures exceeded appropriations for the year ended December 31, 2018 as no appropriations were approved by Village Council.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-015 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(B) (Continued)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: See page 43.

FINDING NUMBER 2019-016

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in § 5705.41(D)(1) and § 5705.41(D)(3), respectively, of the Ohio Revised Code.

Our search for unrecorded encumbrances revealed that the Village did not record the amount expended against the applicable 2018 appropriation account for \$20,045 out of \$20,303 of tested expenditures paid in January, 2019.

The Village should leave the applicable purchase orders open at year end to properly certify these obligations. Failure to certify the availability of funds and encumber appropriations for the expenditure in the proper year could result in overspending and negative cash balances.

The Fiscal Officer should certify that the funds are or will be available prior to the obligation of the expenditure by the Village. When prior certification is not possible, "then and now" certification should be used.

Official's Response: See page 43.

FINDING NUMBER 2019-017

Noncompliance

26 CFR § 1.6041-1 states that you must file Form 1099-MISC, Miscellaneous Income, to report payments of \$600 or more to persons not treated as employees (for example, independent contractors) for services performed for your trade or business.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-017 (Continued)

Noncompliance - 26 CFR § 1.6041-1 (Continued)

The Village did not prepare a 1099-MISC form for two and six eligible independent contractors whose compensation exceeded the \$600 threshold in 2019 and 2018, respectively. Failure to prepare the required forms could result in fines and penalties being levied against the Village.

The Village should establish policies and procedures to verify that payments in excess of \$600 to its independent contractors are reported on the 1099-Misc form. The Village should also review the relationship of the above mentioned parties to determine whether they are independent contractors or employees.

Official's Response: See page 43.

FINDING NUMBER 2019-018

Noncompliance

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 "Expenditure of Public Funds/Proper Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village paid late fees in 2019 and 2018 in the amounts of \$314 and \$2,795, respectively, due to debt payments being paid late. As of December 31, 2019, the Village has accrued \$29,296 in late fees for non-payment of Ohio Water Development Authority (OWDA) loans. Late fees are the result of not timely paying amounts when due, and are not a proper public purpose.

The Village should implement procedures to ensure loan payments are remitted timely and in accordance with loan agreements to avoid late fees.

Official's Response: See page 43.

FINDING NUMBER 2019-019

Internal Control Deficiency – Budgetary Amounts not recorded in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village Council to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-019 (Continued)

Internal Control Deficiency – Budgetary Amounts not recorded in the Accounting System (Continued)

We noted the following for 2019:

Fund Name	Certificate of Estimated Resources	Accounting System	Variance
State Highway	\$7,900	\$0	\$7,900
Police Disability and Pension	6,004	0	6,004
Fire & EMS Levy 2000	21,954	0	21,954
Fire & EMS Levy 2013	27,552	0	27,552
Bridgeport Emergency Squad	88,000	0	88,000
Water Operating	800,000	0	800,000
Water Utility Deposits	2,000	0	2,000
Sewer Operating	43,000	0	43,000
Enterprise Debt Service	43,000	0	43,000

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources was not properly posted to the accounting system.

Failure to accurately post estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: See page 43.

FINDING NUMBER 2019-020

Internal Control Deficiency – Payroll Recommendation

Village officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

During our testing of payroll disbursements, we noted the following:

- During 2019 and 2018, our testing noted employees were hired to be street and sanitation employees, but their timecards did not indicate the time spent in each department to determine the proper fund and account coding for their wages.
- Hours paid to Village employees did not always agree to timecards.
- We were unable to agree the pay rate for two out of ten employees selected for testing in 2018 due, in part, to the Village being unable to locate Ordinance 2018-43 that approved pay rates on November 19, 2018.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-020 (Continued)

Internal Control Deficiency – Payroll Recommendation (Continued)

- Sick leave is accrued in the Uniform Accounting Network (UAN) at a rate of 4.62 hours per pay. However, during our payroll testing and scan of employee timesheets, we noted timesheets would note that sick leave, vacation leave, or personal leave was used during the pay period, but this information was not properly input in UAN. Additionally, we were unable to determine how vacation leave is accrued or obtain documentation of how this leave is tracked.

Due to lack of proper oversight of management, employees could be paid improper amounts, be charged to improper funds or be improperly paid for leave benefits.

The Village should consider implementing the following procedures:

- Department heads should ensure employee's timesheets include which department they are working in to ensure they are being paid from the proper funds.
- Department heads and the Fiscal Officer should review and maintain all timesheets for employees to ensure the proper amounts and rates are being paid.
- Council should ensure all Ordinance's approving employee pay rates are being maintained.
- The Village should develop procedures for tracking leave accrued and used to ensure compliance with Ohio Revised Code and Village policies. Additionally, the Fiscal Officer should review timesheets to ensure the hours and type of leave taken is properly input in the leave records and UAN.

Official's Response: See page 43.

FINDING NUMBER 2019-021

Internal Control Deficiency – Supporting Documentation

The Village should maintain a receipt or voucher packet for each receipt or expenditure that contains documentation (i.e. invoices) to support the amount of the receipt or expenditure, the fund and account it is posted to, as well as its purpose.

We were unable to obtain support for 26% and 28% of non-payroll disbursements tested in 2019 and 2018, respectively. Also during our non-payroll test, we noted 2 non-payroll disbursements tested in 2019 and 7 non-payroll disbursements tested in 2018 included timesheets to support payment; however, we were unable to obtain documentation that these vendors were hired as contractors and we were unable to obtain support for the hourly rate they were being paid.

Supporting documentation should be maintained by the Fiscal Officer for all receipts and disbursements, including vouchers with original invoice attached, purchase order information, and any other support applicable to all receipts or disbursements.

Official's Response: See page 43.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-022

Internal Control Deficiency – Cash Reconciliation

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month during 2019 or 2018. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

As a result, reconciliation difficulties for the Village occurred and accounting record reconstructions were required for 2019 and 2018. As of December 31, 2018 there were \$30,418 in checks written in 2015, 2016, and 2017 that remained outstanding, and \$143,498 in checks written in 2018 that were subsequently adjusted in 2019 due to not clearing the bank. During our testing of the December 31, 2019 reconciliation, we found a check in the amount of \$33,274 that should have been voided due to being reissued as a different check in 2019, and nine checks totaling \$3,866 that should have been voided in 2019.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: See page 43.

FINDING NUMBER 2019-023

Internal Control Deficiency – Debt Proceeds

Village officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

In 2019, the Village failed to post loan proceeds and the corresponding disbursement of those proceeds made by the lender on behalf of the Village for the purchase of a fire truck in the amount of \$133,003.

The Village should ensure all transactions made on behalf of the Village are posted to the Village's accounting system.

Official's Response: See page 43.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDING NUMBER 2019-024

Internal Control Deficiency – Mayor’s Court Account Reconciliation

The Mayor's Court Clerk should perform monthly bank reconciliations over the Mayor's Court account to ensure money received and expended by the Village is properly recorded and accounted for.

During 2019 and 2018, limited procedures such as agreeing deposits and cleared checks to the bank statements were performed, the Mayor's Court Clerk did not perform formal procedures to reconcile the Mayor's Court cashbook to the Mayor's Court bank account. In addition, the Mayor's Court Clerk did not record any of the checks written from the Mayor's Court account in the cashbook, and did not maintain a running balance in the cashbook each month. As a result, errors could go undetected for significant periods of time.

The Mayor's Court Clerk should perform a formal reconciliation each month for the Mayor's Court account to ensure all transactions are properly accounted for in the Mayor's Court cashbook and in the Mayor's Court bank account. In addition, the Mayor's Court Clerk should ensure that all receipts and disbursements are recorded in the cashbook.

Official’s Response: See Finding Number 2019-025 on this page.

FINDING NUMBER 2019-025

Internal Control Deficiency – Mayor’s Court Fees

The Village Mayor's office should ensure that court fines and fees are charged in accordance with the Ohio Rev. Code and Village Ordinances. In addition, any costs beyond the fine for any offense, such as late fees, court costs, or partial payment fees should be documented by the Court in a clear and consistent manner.

Our review of Mayor's Court transactions and discussions with the former Mayor's Court Secretary disclosed that the Village Mayor's office was not properly maintaining supporting documentation for amounts charged or not charged for late fees, court costs, and partial payment fees. As a result, the Village may not charge the correct amounts for traffic tickets.

The Village should develop and approve a method for consistently documenting extra charges, such as, late fees, court costs, and partial payment fees. The Village should utilize this method to ensure extra charges are clearly identified and collected properly. In addition, the extra charges should be approved as part of the Village's existing fine schedule.

Official’s Response: The Village Mayor, Council, Water Board, and Full Time Fiscal Officer will review the noted deficiencies to create a plan to comply with the findings. In doing so strict guidelines will be put in place.

**Village of Bridgeport
301 Main St.
Bridgeport, Ohio 43912**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2017-01	Finding for Recovery	Yes	Repaid.
2017-02	Finding for Adjustment - Ohio Rev. Code § 5705.10(I) – Use of Revenues.	Yes	Repaid.
2017-03	Ohio Rev. Code § 9.38 – Deposits of Public Money	No	Not corrected.
2017-04	Ohio Rev. Code §117.103(B)(1) - Auditor of state's system for reporting fraud.	No	Not corrected.
2017-05	Ohio Rev. Code § 117.38 – Annual Reports (late filing)	No	Not corrected.
2017-06	Ohio Rev. Code § 117.38 – Annual Reports (notes revisions)	No	Not corrected.
2017-07	Ohio Rev. Code § 121.22(H) - Public meetings - exceptions.	No	Not corrected.
2017-08	Ohio Rev. Code § 135.22 - Annual continuing education programs.	No	Not corrected.
2017-09	Ohio Rev. Code § 145.47 – OPERS contributions and deductions.	No	Not corrected.
2017-10	Ohio Rev. Code § 149.43 - Availability of public records for inspection and copying.	No	Not corrected.
2017-11	Ohio Rev. Code § 742.31 – OP&F contributions and deductions.	No	Not corrected.
2017-12	Ohio Rev. Code § 2949.094 – Execution for fine and costs.	Yes	Finding no longer valid.
2017-13	Ohio Rev. Code § 5705.10(C) Use of Revenues.	No	Not corrected.

**Village of Bridgeport
301 Main St.
Bridgeport, Ohio 43912**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

2017-14	Ohio Rev. Code § 5705.10(l) – Negative fund balances.	No	Finding no longer valid.
2017-15	Ohio Rev. Code § 5705.14 – Transfer of funds.	Yes	Finding no longer valid.
2017-16	Ohio Rev. Code § 5705.38 – Annual appropriation measures.	No	Not corrected.
2017-17	Ohio Rev. Code § 5705.41 – Restriction upon appropriation and expenditure of money.	No	Not corrected.
2017-18	26 C.F.R. § 1.6041-1 – 1099's for payments of \$600 or more.	No	Not corrected.
2017-19	State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) – Proper public purpose.	No	Not corrected.
2017-20	Internal Control Deficiency – Check Images.	Yes	Corrected.
2017-21	Internal Control Deficiency – Supporting Documentation.	No	Not corrected.
2017-22	Internal Control Deficiency – Minute Record.	Yes	Finding no longer valid.
2017-23	Internal Control Deficiency – Payroll.	No	Not corrected.
2017-24	Internal Control Deficiency – Mayor's Court Bank Account Reconciliation.	No	Not corrected.
2017-25	Internal Control Deficiency – Mayor's Court Fees.	No	Not corrected.
2017-26	Internal Control Deficiency – General Account Bank Reconciliation.	No	Not corrected.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BRIDGEPORT

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/19/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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