

***VILLAGE OF POWHATAN POINT***

**BELMONT COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2010 & 2009**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Members of Council  
Village of Powhatan Point  
104 Mellot Street  
Powhatan Point, Ohio 43942

We have reviewed the *Report of Independent Accountants* of the Village of Powhatan Point, Belmont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost  
Auditor of State

October 25, 2011

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**VILLAGE OF POWHATAN POINT**  
**BELMONT COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2010 & 2009**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Powhatan Point  
Belmont County  
104 Mellot Avenue  
Powhatan Point, Ohio 43942

To the Village Council:

We have audited the accompanying financial statements of the Village of Powhatan Point (Village), Belmont County, Ohio as and for the years ended December 31, 2010 & 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

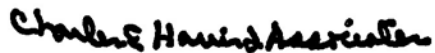
Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 & 2009. Instead of the combined funds the accompanying financial statements present for 2010 & 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 & 2009. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Powhatan Point, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Charles E. Harris & Associates, Inc.**  
August 28, 2011



VILLAGE OF POWHATAN POINT  
 BELMONT COUNTY, OHIO  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 For the Year Ended December 31, 2010

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Capital Projects	
<b>RECEIPTS:</b>				
Property and Local Taxes	\$ 42,698	\$ 59,086	-	\$ 101,784
Municipal Income Taxes	191,897	59,300	-	251,197
Intergovernmental	112,040	100,225	\$ 320,000	532,265
Charges for Services	6,132	42,237	-	48,369
Fines, Licenses and Permits	24,073	9,055	-	33,128
Earnings on Investments	2,719	826	-	3,545
Miscellaneous	2,704	1,268	-	3,972
<b>Total Cash Receipts</b>	<b>382,263</b>	<b>271,997</b>	<b>320,000</b>	<b>974,260</b>
<b>DISBURSEMENTS:</b>				
<b>Current:</b>				
Security of Persons and Property	153,485	76,821	-	230,306
Public Health Services	5,329	-	-	5,329
Transportation	-	133,841	-	133,841
General Government	98,897	1,179	-	100,076
Capital Outlay	10,021	23,027	696,007	729,055
<b>Debt Service:</b>				
Retirement of Principal	-	38,545	320,000	358,545
Interest and Fiscal Charges	-	1,951	-	1,951
<b>Total Cash Disbursements</b>	<b>267,732</b>	<b>275,364</b>	<b>1,016,007</b>	<b>1,559,103</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>114,531</b>	<b>(3,367)</b>	<b>(696,007)</b>	<b>(584,843)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Loan	-	-	695,107	695,107
Transfers-In	-	17,000	-	17,000
Transfers-Out	(17,000)	-	-	(17,000)
Advances-In	26,100	2,000	25,000	53,100
Advances-Out	(27,000)	(2,000)	(24,100)	(53,100)
<b>Total Other Financing Sources (Uses)</b>	<b>(17,900)</b>	<b>17,000</b>	<b>696,007</b>	<b>695,107</b>
<b>Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses</b>	<b>96,631</b>	<b>13,633</b>	<b>-</b>	<b>110,264</b>
<b>Fund Cash Balance, January 1, 2010</b>	<b>80,473</b>	<b>160,742</b>	<b>-</b>	<b>241,215</b>
<b>Fund Cash Balance, December 31, 2010</b>	<b>\$ 177,104</b>	<b>\$ 174,375</b>	<b>\$ -</b>	<b>\$ 351,479</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF POWHATAN POINT  
 BELMONT COUNTY, OHIO  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES  
 ALL PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2010**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ <u>589,970</u>
<b>Total Operating Cash Receipts</b>	<b>589,970</b>
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	154,739
Fringe Benefits	55,757
Contractual Services	162,899
Materials and Supplies	148,697
Other	<u>450</u>
<b>Total Operating Cash Disbursements</b>	<b><u>522,542</u></b>
<b>Excess of Operating Receipts Over/(Under) Operating Cash Disbursements</b>	<b>67,428</b>
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS):</b>	
Sale of Fixed Assets	1,725
Intergovernmental Revenue	54,800
Miscellaneous Receipts	4,166
Capital Outlay	<u>(78,420)</u>
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b><u>(17,729)</u></b>
<b>Net Cash Receipts Over/(Under) Cash Disbursements</b>	<b>49,699</b>
<b>Fund Cash Balance, January 1, 2010</b>	<b><u>251,393</u></b>
<b>Fund Cash Balance, December 31, 2010</b>	<b>\$ <u><u>301,092</u></u></b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2009**

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>RECEIPTS:</b>			
Property and Local Taxes	\$ 40,774	\$ 49,980	\$ 90,754
Municipal Income Taxes	161,387	43,732	205,119
Intergovernmental	131,151	95,261	226,412
Charges for Services	3,160	63,366	66,526
Fines, Licenses and Permits	18,370	8,149	26,519
Earnings on Investments	5,425	-	5,425
Miscellaneous	2,530	11,797	14,327
<b>Total Cash Receipts</b>	<b>362,797</b>	<b>272,285</b>	<b>635,082</b>
<b>DISBURSEMENTS:</b>			
<b>Current:</b>			
Security of Persons and Property	144,881	77,223	222,104
Public Health Services	5,376	-	5,376
Transportation	-	132,298	132,298
General Government	138,202	1,098	139,300
Capital Outlay	9,226	2,399	11,625
<b>Debt Service:</b>			
Retirement of Principal	-	36,309	36,309
Interest and Fiscal Charges	-	3,945	3,945
<b>Total Cash Disbursements</b>	<b>297,685</b>	<b>253,272</b>	<b>550,957</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>65,112</b>	<b>19,013</b>	<b>84,125</b>
<b>Other Financing Sources (Uses):</b>			
Sale of Fixed Assets	60,000	-	60,000
Transfers-In	-	121,602	121,602
Transfers-Out	(121,602)	-	(121,602)
Advances-In	10,000	-	10,000
Advances-Out	-	(10,000)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(51,602)</b>	<b>111,602</b>	<b>60,000</b>
<b>Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses</b>	<b>13,510</b>	<b>130,615</b>	<b>144,125</b>
<b>Fund Cash Balance, January 1, 2009</b>	<b>66,963</b>	<b>30,127</b>	<b>97,090</b>
<b>Fund Cash Balance, December 31, 2009</b>	<b>\$ 80,473</b>	<b>\$ 160,742</b>	<b>\$ 241,215</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF POWHATAN POINT  
 BELMONT COUNTY, OHIO  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES  
 ALL PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2009**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ <u>478,771</u>
<b>Total Operating Cash Receipts</b>	<b>478,771</b>
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	150,498
Fringe Benefits	51,923
Contractual Services	124,402
Materials and Supplies	91,521
Miscellaneous	<u>300</u>
<b>Total Operating Cash Disbursements</b>	<b><u>418,644</u></b>
<b>Excess of Operating Receipts Over/(Under) Operating Cash Disbursements</b>	<b>60,127</b>
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS):</b>	
Capital Outlay	(140,329)
Miscellaneous Receipts	<u>40</u>
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b><u>(140,289)</u></b>
<b>Net Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(80,162)</b>
<b>Fund Cash Balance, January 1, 2009</b>	<b><u>331,555</u></b>
<b>Fund Cash Balance, December 31, 2009</b>	<b>\$ <u><u>251,393</u></u></b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Powhatan Point, Belmont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, fire and emergency medical services, and police services. The Village contracts with Switzerland Township, York Township and the Belmont County Commissioner's to provide fire protection and/or emergency medical services to these subdivisions. The Village is involved with the Bel-O-Mar Regional Council which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 13.

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

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed by the Auditor of State.

**C. CASH AND INVESTMENTS**

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

The Village values certificates of deposits at cost.

**D. FUND ACCOUNTING**

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

**1. General Fund**

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

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

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

*Street Construction, Maintenance and Repair Fund* – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

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

3. **Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Projects Fund:

*Grant Construction Fund* – This fund received loan proceeds for waterline replacement.

4. **Enterprise Funds**

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

*Water Operating Fund*- This fund receives charges for services from residents to cover the cost of providing the utility.

*Sewer Operating Fund*- This fund receives charges for services from residents to cover the cost of providing the utility.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

E. **BUDGETARY PROCESS**

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

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are cancelled.

A summary of budgetary activity appears in Note 3.

F. **PROPERTY, PLANT AND EQUIPMENT**

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

G. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

VILLAGE OF POWHATAN POINT  
 BELMONT COUNTY, OHIO  
 Notes to the Financial Statements  
 For The Years Ended December 31, 2010 & 2009

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$362,571	\$202,608
Savings Account	200,000	200,000
Certificates of Deposit	<u>90,000</u>	<u>90,000</u>
Total	<u>\$652,571</u>	<u>\$492,608</u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 & 2009 is as follows:

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$351,500	\$432,797	\$81,297
Special Revenue	424,000	393,887	(30,113)
Enterprise	532,000	478,811	(53,189)

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Total Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$425,000	\$419,287	\$5,713
Special Revenue	554,800	263,272	291,528
Enterprise	645,000	558,973	86,027

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$426,000	\$408,363	(\$17,637)
Special Revenue	318,200	290,997	(27,203)
Capital Projects	-	1,038,107	1,038,107
Enterprise	850,000	650,661	(199,339)



VILLAGE OF POWHATAN POINT  
 BELMONT COUNTY, OHIO  
 Notes to the Financial Statements  
 For The Years Ended December 31, 2010 & 2009

3. **BUDGETARY ACTIVITY** – (continued)

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Total</u> <u>Appropriations</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$425,000	\$311,732	\$113,268
Special Revenue	457,000	277,364	179,636
Capital Projects	1,376,000	1,040,107	335,893
Enterprise	795,000	600,962	194,038

4. **RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contributions rates are also prescribed by the Ohio Revised Code. For 2010 and 2009, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 10% of their gross pay while the Village contributed an amount equal to 14% of covered payroll. The Village paid all required contributions through 2010.

5. **LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency or business activities within the Village corporation limits as well as certain income of residents earned outside the Village corporate limits.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village quarterly. Corporation and individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. **DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$1,905	7.00%
OWDA Loan #5280	<u>373,107</u>	0.00%
	<u><u>\$375,012</u></u>	

The December 31, 2008 principal balance was \$684 understated.

The general obligation note was issued to purchase equipment. The loan will be repaid in monthly and annual installments, including interest, over three years. The general obligation note is collateralized by the Village's taxing authority.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**6. DEBT - (continued)**

The Ohio Water Development Authority (OWDA) loan #5280 relates to the water line replacement. The Village financed \$695,107. \$320,000 of the loan was reduced through an ARRA Principal Foregiveness Grant. The Village makes semi-annual payments of \$12,245. The loan has a maturity date of July 1, 2030. The loan is collateralized by utility receipts and the full faith and credit of the Village.

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

Year Ending December 31	Mortgage	
	Revenue Bond 2201	OWDA
2011	\$1,926	\$24,490
2012	-	24,490
2013	-	24,490
2014	-	24,490
2015	-	24,490
2016-2020	-	122,450
2021-2025	-	122,450
2026	-	5,757
<b>Total</b>	<b>\$1,926</b>	<b>\$373,107</b>

**7. RISK MANAGEMENT**

The District belongs to the Public Entities Pool of Ohio (“PEP”), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Casualty Insurance**

PEP retains casualty risk up to \$350,000 per claim, including automobile loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an annual aggregate of \$10,000,000.

**Property Insurance**

Beginning in 2005, Travelers reinsures specific losses exceeding \$500,000 up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members’ total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**7. RISK MANAGEMENT - (continued)**

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

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Retained Earnings	<u>\$21,118,036</u>	<u>\$20,459,329</u>

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

Members may withdraw in each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of their anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus subsequent year's premium. Also, upon withdrawal, payments of all property and casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year. The District also provides health insurance, dental, and vision coverage to full-time employees through a private carrier.

**8. CONTINGENT LIABILITIES**

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

**9. TRANSFERS**

In 2010, the General Fund transferred \$10,000 to the Street Construction Maintenance and Repair Fund – Special Revenue Fund, \$5,000 to the Police Disability and Pension Fund – Special Revenue Fund and \$2,000 to the Police Equipment Fund – Special Revenue Fund. In 2009, the General Fund transferred \$15,000 to the Street Construction Maintenance and Repair Fund – Special Revenue Fund, \$5,000 to the Police Disability and Pension Fund – Special Revenue Fund and \$101,602 to the Building, Construction and Capital Improvement Fund – Special Revenue Fund. All transfers were made in accordance with Ohio Revised Code Sections 5705.14-16.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**10. ADVANCES**

In 2010, the General Fund advanced \$25,000 to the Grant Construction Fund – Capital Projects Fund. The Grant Construction Fund – Capital Projects Fund returned \$24,100 to the General Fund. The General Fund advanced \$2,000 to the Fire and Emergency Fund – Special Revenue Fund. The entire \$2,000 was returned. In 2009, the Fire and Emergency Fund – Special Revenue Fund returned a 2008 advance of \$10,000 to the General Fund.

**11. LEGAL COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (D), the Village did not always certify funds.

Contrary to Ohio Revised Code Section 5705.41 (B), the Village had expenditures exceeding appropriations in the Sewer fund in 2009.

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations exceeding estimated resources in both years.

**12. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Belmont County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Village was completed in 2010. The next update is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Belmont County Treasurer collects property taxes on behalf of the Village. The Belmont County Auditor remits the collected taxes to the Village. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**13. JOINTLY GOVERNED ORGANIZATION**

**Belomar 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 each local government within Belmont County. The Council is not dependent upon the Village of Powhatan Point for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2010, the Village contributed \$1,151 to Belomar Regional Council. There were no contributions during 2009.**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Powhatan Point  
Belmont County  
104 Mellot Avenue  
Powhatan Point, Ohio 43942

To the Village Council:

We have audited the financial statements of the Village of Powhatan Point, Belmont County, Ohio (the Village) as of and for the years ended December 31, 2010 & 2009, and have issued our report thereon dated August 28, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-PPBC-03 described in the accompanying schedule of findings to be a material weakness.


### Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2010-PPBC-01, 2010-PPBC-02 and 2010-PPBC-04.

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

We also noted certain matters that we have reported to management of the Village in a separate letter dated August 28, 2011.

We intend this report solely for the information and use of management, the audit committee, the Village Council and others within the Village. We intend it for no one other than these specified parties.



**Charles E. Harris and Associates, Inc.**

August 28, 2011

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
December 31, 2010 and 2009

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

Finding Number 2010-PPBC-01 – Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.



VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

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

**Finding Number 2010-PPBC-01 – Non-Compliance Citation (continued)**

The Village did not make the proper certification of funds in all instances. Thirty Three of 60 selections tested during the audit period had the certifications after the obligation date. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate.

**Management Response:**

Management is aware and is working on procedures to correct.

**Finding Number 2010-PPBC-02 – Non-Compliance Citation**

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2010, the following funds' appropriations exceeded total estimated resources:

**Special Revenue Funds:**

Police Equipment Fund (\$2,872)

Building Construction and Improvement Fund (\$3,398)

**Capital Projects Fund:**

Grant Construction Fund (\$1,376,000)

At December 31, 2009, the following funds' appropriations exceeded total estimated resources:

General Fund (\$6,536)

**Special Revenue Funds:**

Permissive Fund (\$15,000)

Building Construction and Improvement Fund (\$125,000)

**Management’s Response:** Management understands that they need to apply for an amended certificate of estimated resources when they receive additional funds.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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**Finding Number 2010-PPBC-03 – Material Weakness**

The Village obtained a \$695,107 OWDA loan for waterline replacement. Also, the Village obtained a \$320,000 ARRA Principal Forgiveness Grant which reduced the outstanding principal balance on the OWDA loan. The Village did not record the grant as intergovernmental revenue. Also, the Village did not record the \$320,000 principal reduction. The financial statements were adjusted to reflect the debt activity.

We recommend the Village record all transactions in their financial records to properly reflect activity. The Auditor of State's Village Officers' Handbook is one resource to assist in difficult accounting areas.

**Management's Response:**

Management was unaware of the requirement to record the grant and the corresponding principal reduction.

**Finding Number 2010-PPBC-04 – Non-Compliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated and unless it has been appropriated as provided in such chapter. At December 31, 2009, the following fund's expenditures exceeded total appropriations:

**Enterprise Fund:**

Sewer Fund (\$14,943)

We recommend that the City better monitor their budgetary process on a monthly basis.

**Management's Response:**

Management is working on a more efficient and viable record keeping solution with our available resources.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2010 and 2009

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
<b>2008-01</b>	<b>Ohio Revised Code Section 5705.39 - Total Appropriations Exceeded Estimated Resources</b>	<b>No</b>	<b>Repeated as 2010- PPBC-02</b>

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# Dave Yost • Auditor of State

VILLAGE OF POWHATAN POINT

BELMONT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 10, 2011