



Dave Yost • Auditor of State

**VILLAGE OF BELOIT
MAHONING COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis - 2016.....	3
Statement of Activities – Cash Basis - 2016	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis - 2016	
Governmental Funds	6
Statement of Receipts, Disbursements and Changes in Fund Balance – Cash Basis - 2016	
Governmental Funds	8
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis - 2016	
General Fund.....	10
FEMA Grant Fund	11
EMT Fund.....	12
Police Fund.....	13
Fire Operating Fund	14
Statement of Fund Net Position – Cash Basis - 2016	
Proprietary Funds	15
Statement of Receipts, Disbursements and Changes in Fund Net Position – Cash Basis - 2016	
Proprietary Funds	16
Notes to the Basic Financial Statements - 2016.....	17
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis - 2015.....	35
Statement of Activities – Cash Basis - 2015	36
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis - 2015	
Governmental Funds	38
Statement of Receipts, Disbursements and Changes in Fund Balance – Cash Basis - 2015	
Governmental Funds	40

VILLAGE OF BELOIT
MAHONING COUNTY
DECEMBER 31, 2016 AND 2015

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Revenues, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis - 2015	
General Fund.....	42
EMT Fund.....	43
Police Fund.....	44
Fire Operating Fund	45
Statement of Fund Net Position – Cash Basis - 2015	
Proprietary Funds	46
Statement of Receipts, Disbursements and Changes in Fund Net Position – Cash Basis - 2015	
Proprietary Funds	47
Notes to the Basic Financial Statements - 2015.....	49
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	65
Schedule of Findings.....	67



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Beloit
Mahoning County
P.O. Box 276
17893 Fifth Street
Beloit, Ohio 44609

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beloit, Mahoning County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beloit, Mahoning County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, FEMA Grant, EMT, Police and Fire Operating funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 15, 2018

Village of Beloit, Ohio
Mahoning County
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$904,162	\$559,258	\$1,463,420
<i>Total Assets</i>	<u>\$904,162</u>	<u>\$559,258</u>	<u>\$1,463,420</u>
Net Position			
Restricted for:			
Capital Projects	\$69,329		\$69,329
Other Purposes	745,917	\$559,258	1,305,175
Unrestricted	88,916		88,916
<i>Total Net Position</i>	<u>\$904,162</u>	<u>\$559,258</u>	<u>\$1,463,420</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions
Governmental Activities			
Current:			
Security of Persons and Property	\$319,863	\$83,076	
Leisure Time Activities	3,590		
Community Environment	2,771		
Transportation	60,574		\$18,748
General Government	59,329		
<i>Total Governmental Activities</i>	<u>446,127</u>	<u>83,076</u>	<u>18,748</u>
Business-Type Activities			
Water Operating	22,593	35,689	
Sewer Operating	363,664	214,744	
<i>Total Business-Type Activities</i>	<u>386,257</u>	<u>250,433</u>	<u>0</u>
<i>Total Primary Government</i>	<u><u>\$832,384</u></u>	<u><u>\$333,509</u></u>	<u><u>\$18,748</u></u>

General Receipts:
Property Taxes Levied for:
 General Purposes
 Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Other Debt Proceeds
Cable Franchise Fees
Earnings on Investments
Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$236,787)	\$0	(\$236,787)
(3,590)	0	(3,590)
(2,771)	0	(2,771)
(41,826)	0	(41,826)
(59,329)	0	(59,329)
<u>(344,303)</u>	<u>0</u>	<u>(344,303)</u>
0	13,096	13,096
0	(148,920)	(148,920)
<u>0</u>	<u>(135,824)</u>	<u>(135,824)</u>
<u>(344,303)</u>	<u>(135,824)</u>	<u>(480,127)</u>
199,839		199,839
48,671		48,671
141,622		141,622
	147,673	147,673
12,903		12,903
31		31
3,327	19,674	23,001
<u>406,393</u>	<u>167,347</u>	<u>573,740</u>
62,090	31,523	93,613
<u>842,072</u>	<u>527,735</u>	<u>1,369,807</u>
<u>\$904,162</u>	<u>\$559,258</u>	<u>\$1,463,420</u>

Village of Beloit, Ohio
Mahoning County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	FEMA Grant 2015
Assets		
Equity in Pooled Cash and Cash Equivalents	\$88,916	\$1,500
<i>Total Assets</i>	\$88,916	\$1,500
Fund Balances		
Restricted		\$1,500
Assigned	\$33,648	
Unassigned (Deficit)	55,268	
<i>Total Fund Balances</i>	\$88,916	\$1,500

See accompanying notes to the basic financial statements

<u>EMT</u>	<u>Police</u>	<u>Fire Operating</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$265,578</u>	<u>\$194,883</u>	<u>\$56,013</u>	<u>\$297,272</u>	<u>\$904,162</u>
<u>\$265,578</u>	<u>\$194,883</u>	<u>\$56,013</u>	<u>\$297,272</u>	<u>\$904,162</u>
\$265,578	\$194,883	\$56,013	\$297,272	\$815,246 33,648 55,268
<u>\$265,578</u>	<u>\$194,883</u>	<u>\$56,013</u>	<u>\$297,272</u>	<u>\$904,162</u>

Village of Beloit, Ohio
 Mahoning County
 Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2016

	General	FEMA Grant 2015	EMT	Police	Fire Operating
Receipts					
Property Taxes	\$55,473			\$44,297	\$35,586
Other Local Taxes					
Intergovernmental	19,191	\$130,031		8,225	6,557
Special Assessments					
Charges for Services			\$70,031		13,045
Fines, Licenses and Permits	12,903				
Earnings on Investments	31				
Miscellaneous	1,063		538		1,073
<i>Total Receipts</i>	<u>88,661</u>	<u>130,031</u>	<u>70,569</u>	<u>52,522</u>	<u>56,261</u>
Disbursements					
Current:					
Security of Persons and Property	5,975	128,531	78,787	31,253	70,019
Leisure Time Activities					
Community Environment					
Transportation					
General Government	54,711		4,618		
<i>Total Disbursements</i>	<u>60,686</u>	<u>128,531</u>	<u>83,405</u>	<u>31,253</u>	<u>70,019</u>
<i>Net Change in Fund Balances</i>	27,975	1,500	(12,836)	21,269	(13,758)
<i>Fund Balances Beginning of Year</i>	<u>60,941</u>	<u>0</u>	<u>278,414</u>	<u>173,614</u>	<u>69,771</u>
<i>Fund Balances End of Year</i>	<u><u>\$88,916</u></u>	<u><u>\$1,500</u></u>	<u><u>\$265,578</u></u>	<u><u>\$194,883</u></u>	<u><u>\$56,013</u></u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$33,224	\$168,580
7,214	7,214
50,334	214,338
18,748	18,748
	83,076
	12,903
	31
653	3,327
<u>110,173</u>	<u>508,217</u>
5,298	319,863
3,590	3,590
2,771	2,771
60,574	60,574
	59,329
<u>72,233</u>	<u>446,127</u>
37,940	62,090
<u>259,332</u>	<u>842,072</u>
<u>\$297,272</u>	<u>\$904,162</u>

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$51,234	\$55,473	\$55,473	\$0
Other Local Taxes	50	50	0	(50)
Intergovernmental	13,446	19,383	19,191	(192)
Fines, Licenses and Permits	15,000	15,000	12,903	(2,097)
Earnings on Investments	50	50	31	(19)
Miscellaneous	7,600	7,600	1,063	(6,537)
<i>Total Receipts</i>	<u>87,380</u>	<u>97,556</u>	<u>88,661</u>	<u>(8,895)</u>
Disbursements				
Current:				
Security of Persons and Property	6,500	6,500	5,975	525
Public Health Services	2,500	2,500	0	2,500
General Government	101,370	101,370	54,711	46,659
<i>Total Disbursements</i>	<u>110,370</u>	<u>110,370</u>	<u>60,686</u>	<u>49,684</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,990)</u>	<u>(12,814)</u>	<u>27,975</u>	<u>40,789</u>
Other Financing Sources (Uses)				
Transfers Out	(12,000)	(12,000)	0	12,000
<i>Total Other Financing Sources (Uses)</i>	<u>(12,000)</u>	<u>(12,000)</u>	<u>0</u>	<u>12,000</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	60,941	60,941	60,941	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$25,951</u>	<u>\$36,127</u>	<u>\$88,916</u>	<u>\$52,789</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - FEMA Grant 2015
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$149,239	\$149,239	\$130,031	(\$19,208)
<i>Total Receipts</i>	149,239	149,239	130,031	(19,208)
Disbursements				
Current:				
Security of Persons and Property	149,239	149,239	128,531	20,708
<i>Total Disbursements</i>	149,239	149,239	128,531	20,708
<i>Net Change in Fund Balance</i>	0	0	1,500	1,500
<i>Unencumbered Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$1,500	\$1,500

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - EMT
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$77,500	\$77,500	\$70,031	(\$7,469)
Miscellaneous	10,000	10,000	538	(9,462)
<i>Total Receipts</i>	87,500	87,500	70,569	(16,931)
Disbursements				
Current:				
Security of Persons and Property	346,000	346,000	78,787	267,213
General Government	4,875	4,875	4,618	257
Capital Outlay	15,000	15,000	0	15,000
<i>Total Disbursements</i>	365,875	365,875	83,405	282,470
<i>Net Change in Fund Balance</i>	(278,375)	(278,375)	(12,836)	265,539
<i>Unencumbered Fund Balance Beginning of Year</i>	272,105	272,105	272,105	0
Prior Year Encumbrances Appropriated	6,309	6,309	6,309	0
<i>Unencumbered Fund Balance End of Year</i>	\$39	\$39	\$265,578	\$265,539

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Police
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$40,791	\$44,298	\$44,297	(\$1)
Intergovernmental	8,500	8,500	8,225	(275)
<i>Total Receipts</i>	<u>49,291</u>	<u>52,798</u>	<u>52,522</u>	<u>(276)</u>
Disbursements				
Current:				
Security of Persons and Property	83,000	83,000	31,253	51,747
<i>Total Disbursements</i>	<u>83,000</u>	<u>83,000</u>	<u>31,253</u>	<u>51,747</u>
<i>Net Change in Fund Balance</i>	<u>(33,709)</u>	<u>(30,202)</u>	<u>21,269</u>	<u>51,471</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	173,614	173,614	173,614	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$139,905</u>	<u>\$143,412</u>	<u>\$194,883</u>	<u>\$51,471</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Fire Operating
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$32,795	\$35,585	\$35,586	\$1
Intergovernmental	6,750	6,750	6,557	(193)
Charges for Services	16,000	16,000	13,045	(2,955)
Miscellaneous	5,000	5,000	1,073	(3,927)
<i>Total Receipts</i>	60,545	63,335	56,261	(7,074)
Disbursements				
Current:				
Security of Persons and Property	116,050	116,050	70,019	46,031
Debt Service:				
Interest and Fiscal Charges	14,000	14,000	0	14,000
<i>Total Disbursements</i>	130,050	130,050	70,019	60,031
<i>Net Change in Fund Balance</i>	(69,505)	(66,715)	(13,758)	52,957
<i>Unencumbered Fund Balance Beginning of Year</i>	65,873	65,873	65,873	0
Prior Year Encumbrances Appropriated	3,898	3,898	3,898	0
<i>Unencumbered Fund Balance End of Year</i>	\$266	\$3,056	\$56,013	\$52,957

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities				Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	OWDA Loan Proceeds	Public Works Commission	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$176,129	\$383,129	\$0	\$0	\$559,258
<i>Total Assets</i>	<u>\$176,129</u>	<u>\$383,129</u>	<u>\$0</u>	<u>\$0</u>	<u>\$559,258</u>
Net Position					
Restricted for:					
Other Purposes	\$176,129	\$383,129			\$559,258
<i>Total Net Position</i>	<u>\$176,129</u>	<u>\$383,129</u>	<u>\$0</u>	<u>\$0</u>	<u>\$559,258</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities				Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	OWDA Loan Proceeds	Public Works Commission	
Operating Receipts					
Charges for Services	\$35,689	\$214,744			\$250,433
<i>Total Operating Receipts</i>	<u>35,689</u>	<u>214,744</u>	<u>0</u>	<u>0</u>	<u>250,433</u>
Operating Disbursements					
Personal Services		16,045			16,045
Employee Fringe Benefits		2,480			2,480
Contractual Services	11,908	141,739			153,647
Supplies and Materials	208	7,083			7,291
Other	10,477	1,893			12,370
<i>Total Operating Disbursements</i>	<u>22,593</u>	<u>169,240</u>	<u>0</u>	<u>0</u>	<u>191,833</u>
<i>Operating Income (Loss)</i>	<u>13,096</u>	<u>45,504</u>	<u>0</u>	<u>0</u>	<u>58,600</u>
Non-Operating Receipts (Disbursements)					
Other Debt Proceeds			109,673	38,000	147,673
Miscellaneous Receipts	3,468	16,206			19,674
Capital Outlay		(2,144)	(109,673)	(38,000)	(149,817)
Principal Retirement		(30,207)			(30,207)
Interest and Other Fiscal Charges		(14,400)			(14,400)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>3,468</u>	<u>(30,545)</u>	<u>0</u>	<u>0</u>	<u>(27,077)</u>
<i>Change in Net Position</i>	<u>16,564</u>	<u>14,959</u>	<u>0</u>	<u>0</u>	<u>31,523</u>
<i>Net Position Beginning of Year</i>	<u>159,565</u>	<u>368,170</u>	<u>0</u>	<u>0</u>	<u>527,735</u>
<i>Net Position End of Year</i>	<u>\$176,129</u>	<u>\$383,129</u>	<u>\$0</u>	<u>\$0</u>	<u>\$559,258</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Village of Beloit (the Village) is a public body and corporate 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 six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie. The members of council appoint a President Pro Tem (a member of council) each year at the organizational meeting.

The reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Beloit provides the following services to its citizens: police, EMS and fire protection, parks and recreation, building fire inspection, street maintenance and repairs, and sewer services. Council has direct responsibility for these services.

Council contracts with the Village of Sebring, Ohio, Mahoning County to provide water services for the Village. Residents are invoiced for these services directly by the Village of Sebring.

Council also contracts with Goshen Township for police protection services.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

FEMA Grant The FEMA Grant Proceeds fund accounts for and reports grant proceeds that were received as a result of receipt of the FEMA AFG Grant and is restricted for payment of costs associated with the purchase of awarded equipment (Personal protective equipment and SCBA units).

EMT The EMT fund accounts for and reports that portion of revenue generated from EMS services provided and invoiced by the Village and is restricted for personnel and operating costs associated with operating the EMS for the Village of Beloit.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Police The Police fund accounts for and reports that portion of revenue generated to contract for police protection and is restricted for that purpose.

Fire Operating The Fire Operating fund accounts for and reports that portion of revenue generated for the operation of the fire department and is restricted for the cost of personnel and operating costs associated with fire department expenditures.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water maintenance for the residents and commercial users located within the Village.

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

OWDA Loan Proceeds The OWDA Loan Proceeds fund accounts for and reports long term debt obligation received to fund sewer plant upgrades and is restricted for the payment of contractor fees associated with the required plant upgrade.

Public Works Commission The Public Works Commission fund accounts for and reports long term debt obligation received to fund sewer plant upgrades and is restricted for the payment of contractor fees associated with the required plant upgrade.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$31.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects and debt service.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, FEMA Grant, EMT, Police Operating and Fire Operating funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

The encumbrances outstanding at year end (budgetary basis) amounted to \$0 for the general, FEMA Grant, EMT, Police Operating and Fire Operating funds.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$0 in undeposited cash on hand.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$918,978 of the Village’s bank balance of \$1,168,978 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2016, the Village had the following investments:

	Fair Value	Maturity
Huntington National Bank MMA Public Funds	\$233,219	Not applicable
Huntington National Bank MMA Public Funds	74,793	Not applicable
Total Portfolio	\$308,011	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer.

Investment Issuer	Investments
Huntington National Bank MMA Public Funds	100.00 %

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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 due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$21 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$7,817,300
Public Utility Personal Property	405,610
Total	\$8,222,910

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Village contracted with the Ohio Plan Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Ohio Plan Insurance Company		
Blanket Property and Contents, Replacement	\$1,547,043	\$1,000
Inland Marine	149,307	500
General Liability	2,000,000	0
Automobile Liability	2,000,000	1,000
Public Officials Liability	2,000,000	1,000
Employment Practice Liability	2,000,000	1,000
Computer - Hardware	9,896	250
Computer - Software	10,150	250
Public Employee Dishonesty	5,000	0
Umbrella Excess Liability	4,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all cities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangements insures that each participant shares equally in the overall performance of the GRP.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$8,615 for year 2016.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not require OPERS to provide health care benefits to its eligible recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 - Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$0, \$0, and \$0, respectively.

Note 9 - Long Term Obligations

The changes in the Village's long term obligations during 2016 were as follows:

	Outstanding 12/31/15	Issued	Retired	Outstanding 12/31/16
Governmental Activities				
3.47% Lease Purchase Agreement - Fire Truck	\$72,725	\$0	\$0	\$72,725
<i>Total Governmental Activities</i>	<u>72,725</u>	<u>0</u>	<u>0</u>	<u>72,725</u>
Business Type Activities				
1.5% OWDA Loan for Sewer Plant Upgrade	766,436	25,541	27,822	764,155
0.8% OWDA Loan for Sewer Plant Upgrade	0	84,132	4,190	79,942
0.0% OPWC Loan for Micro Screen Bldg	0	38,000	0	38,000
<i>Total Business Type Activities</i>	<u>766,436</u>	<u>147,673</u>	<u>32,012 #</u>	<u>882,097</u>
Total	<u><u>\$839,161</u></u>	<u><u>\$147,673</u></u>	<u><u>\$32,012</u></u>	<u><u>\$954,822</u></u>

The Lease Purchase Agreement for the Fire Truck was issued in 2012 through Community Leasing. The Village has paid additional principal when invoiced in an attempt to pay the lease off early. However, no payments were made during 2016.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 -Long Term Obligations (continued)

In 2014, the Village entered into a low interest loan of 1.5% with the Ohio Water Development Authority (OWDA) to fund the Ohio Environmental Protection Agency (EPA) required sewer plant upgrades. The loan with the OWDA was initially issued for a 25 year period with the final payment due in 2040.

In 2016, the Village entered into a low interest loan of 0.8% with the Ohio Water Development Authority to fund the Ohio EPA required sewer plant upgrades. The loan with the OWDA was issued for a 24 year period with the final payment due in 2040.

In 2016, the Village entered into a zero percent interest loan with the Ohio Public Works Commission (OPWC) to fund the construction of a micro screen building for the Ohio EPA required sewer plant upgrade. The loan with the OPWC was issued for \$71,999, for a 20 year period with the final payment due in 2036. The project was not completed until 2017 at which time an amortization schedule was issued with the first payment due July 1, 2017.

Principal and interest requirements to retire loans outstanding at December 31, 2016, were as follows:

Year	Ohio Water Development Authority			
	Community Assistance Fund		Freshwater Fund	
	Principal	Interest	Principal	Interest
2017	28,063	11,363	3,219	641
2018	28,485	10,940	3,244	615
2019	28,914	10,511	3,270	589
2020	29,349	10,076	3,297	563
2021	29,791	9,634	3,323	537
2022-2026	155,821	41,306	17,020	2,279
2027-2031	167,910	29,217	17,713	1,586
2032-2036	180,937	16,190	18,434	865
2037-2040	114,884	3,044	10,422	160
Total	\$764,155	\$142,280	\$79,942	\$7,836

Ohio Public Works Commission	
Year	Principal
2017	\$1,800
2018	\$3,600
2019	\$3,600
2020	\$3,600
2021	\$3,600
2022-2026	\$18,000
2017-2031	\$18,000
2032-2036	\$18,000
2037	\$1,800
Total	\$71,999

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 – Lease

The Village leases a fire truck under a lease purchase agreement with Community Leasing. The Village prepaid principal and interest payments of \$75,000 near the beginning of the lease period; as a result, the Village disbursed \$0 to pay lease costs for the year ended December 31, 2016. Future lease payments are as follows:

Year	Principal	Interest
2019	\$12,511	\$ 1,704
2020	\$19,384	\$ 1,925
2021-2022	\$40,830	\$ 1,788
Total	\$72,725	\$5,417

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	FEMA Grant	EMT Fund	Police Fund	Fire Operating	Other Governmental Funds	Total
Restricted for							
Road Maint. & Improv.						\$ 89,488	\$ 89,488
Police Operations				\$ 194,883			194,883
Fire Operations					\$ 56,013		56,013
Emergency Medical Services			\$ 265,578				265,578
Parks and Recreation						38,693	38,693
Other		\$ 1,500				99,762	101,262
Capital Projects						69,329	69,329
<i>Total Restricted</i>	\$0	1,500	265,578	194,883	56,013	297,272	815,246
Assigned to							
Subsequent Year Appropriations	33,648						33,648
<i>Total Assigned</i>	33,648	0	0	0	0	0	33,648
Unassigned (deficits):	55,268						55,268
<i>Total Fund Balances</i>	\$88,916	\$1,500	\$265,578	\$194,883	\$56,013	\$297,272	\$904,162

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 12 – Construction and Contractual Commitments

The mandated sewer plant upgrade project was still ongoing at the end of 2016. The plant project was funded by an Ohio Public Works Grant combined with a low interest loan from the Ohio Water Development Authority with both entities remitting payment directly to the contractor after the approval of council.

Note 13 – Contingent Liabilities

As of December 31, 2016, there are no known potential litigation proceeding or potential lawsuits.

As of December 31, 2016, the Village was not named as a defendant in any lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 – Public Entity Risk Pool

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

Village of Beloit, Ohio
Mahoning County
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$842,072	\$527,735	\$1,369,807
<i>Total Assets</i>	<u>\$842,072</u>	<u>\$527,735</u>	<u>\$1,369,807</u>
Net Position			
Restricted for:			
Capital Projects	\$69,329	\$0	\$69,329
Other Purposes	711,802	527,735	1,239,537
Unrestricted	<u>60,941</u>	<u>0</u>	<u>60,941</u>
<i>Total Net Position</i>	<u>\$842,072</u>	<u>\$527,735</u>	<u>\$1,369,807</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions
Governmental Activities			
Current:			
Security of Persons and Property	\$195,530	\$102,814	
Leisure Time Activities	4,788		
Community Environment	3,258		
Transportation	25,135		
General Government	60,317		
<i>Total Governmental Activities</i>	<u>289,028</u>	<u>102,814</u>	<u>\$0</u>
Business-Type Activities			
Water Operating	19,957	39,592	
Sewer Operating	1,137,858	217,061	260,593
<i>Total Business-Type Activities</i>	<u>1,157,815</u>	<u>256,653</u>	<u>260,593</u>
<i>Total Primary Government</i>	<u><u>\$1,446,843</u></u>	<u><u>\$359,467</u></u>	<u><u>\$260,593</u></u>

General Receipts:
Property Taxes Levied for:
 General Purposes
 Other Local Taxes
 Special Assessment
Grants and Entitlements not Restricted to Specific Programs
Other Debt Proceeds
Cable Franchise Fees
Earnings on Investments
Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$92,716)	\$0	(\$92,716)
(4,788)	0	(4,788)
(3,258)	0	(3,258)
(25,135)	0	(25,135)
(60,317)	0	(60,317)
(186,214)	0	(186,214)
0	19,635	19,635
0	(660,204)	(660,204)
0	(640,569)	(640,569)
(186,214)	(640,569)	(826,783)
200,961		200,961
47,265		47,265
1,875		1,875
8,691		8,691
13,229	630,723	630,723
31		31
2,891	6,395	9,286
274,943	637,118	912,061
88,729	(3,451)	85,278
753,343	531,186	1,284,529
\$842,072	\$527,735	\$1,369,807

Village of Beloit, Ohio
Mahoning County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	General	EMT
Assets		
Equity in Pooled Cash and Cash Equivalents	\$60,941	\$278,414
<i>Total Assets</i>	\$60,941	\$278,414
 Fund Balances		
Restricted		\$278,414
Assigned	\$24,814	
Unassigned (Deficit)	36,127	
<i>Total Fund Balances</i>	\$60,941	\$278,414

See accompanying notes to the basic financial statements

<u>Police</u>	<u>Fire Operating</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$173,614	\$69,771	\$69,329	\$190,003	\$842,072
<u>\$173,614</u>	<u>\$69,771</u>	<u>\$69,329</u>	<u>\$190,003</u>	<u>\$842,072</u>
\$173,614	\$69,771	\$69,329	\$190,003	\$781,131 24,814 36,127
<u>\$173,614</u>	<u>\$69,771</u>	<u>\$69,329</u>	<u>\$190,003</u>	<u>\$842,072</u>

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	EMT	Police
Receipts			
Property Taxes	\$55,853		\$44,598
Other Local Taxes			
Intergovernmental	16,250		8,223
Special Assessments			
Charges for Services		\$91,129	
Fines, Licenses and Permits	13,229		
Earnings on Investments	31		
Miscellaneous	819	1,095	2
<i>Total Receipts</i>	<u>86,182</u>	<u>92,224</u>	<u>52,823</u>
Disbursements			
Current:			
Security of Persons and Property	6,107	100,937	37,605
Leisure Time Activities			
Community Environment			
Transportation			
General Government	55,699	4,618	
<i>Total Disbursements</i>	<u>61,806</u>	<u>105,555</u>	<u>37,605</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,376</u>	<u>(13,331)</u>	<u>15,218</u>
Other Financing Sources (Uses)			
Transfers In			
Transfers Out	(13,229)		
<i>Total Other Financing Sources (Uses)</i>	<u>(13,229)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	11,147	(13,331)	15,218
<i>Fund Balances Beginning of Year</i>	<u>49,794</u>	<u>291,745</u>	<u>158,396</u>
<i>Fund Balances End of Year</i>	<u><u>\$60,941</u></u>	<u><u>\$278,414</u></u>	<u><u>\$173,614</u></u>

See accompanying notes to the basic financial statements

Fire Operating	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$35,811		\$33,449	\$169,711
		6,451	6,451
6,552		49,730	80,755
		1,875	1,875
11,685			102,814
			13,229
			31
380		595	2,891
<u>54,428</u>	<u>0</u>	<u>92,100</u>	<u>377,757</u>
50,182		699	195,530
		4,788	4,788
		3,258	3,258
		25,135	25,135
			60,317
<u>50,182</u>	<u>0</u>	<u>33,880</u>	<u>289,028</u>
<u>4,246</u>	<u>0</u>	<u>58,220</u>	<u>88,729</u>
	13,229		13,229
			(13,229)
<u>0</u>	<u>13,229</u>	<u>0</u>	<u>0</u>
4,246	13,229	58,220	88,729
<u>65,525</u>	<u>56,100</u>	<u>131,783</u>	<u>753,343</u>
<u>\$69,771</u>	<u>\$69,329</u>	<u>\$190,003</u>	<u>\$842,072</u>

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$51,420	\$55,852	\$55,853	\$1
Other Local Taxes	50	50	0	(50)
Intergovernmental	13,098	16,281	16,250	(31)
Fines, Licenses and Permits	15,000	15,000	13,229	(1,771)
Earnings on Investments	100	100	31	(69)
Miscellaneous	7,500	7,500	819	(6,681)
<i>Total Receipts</i>	87,168	94,783	86,182	(8,601)
Disbursements				
Current:				
Security of Persons and Property	6,500	6,500	6,107	393
Public Health Services	3,000	3,000	0	3,000
General Government	105,770	105,770	55,699	50,071
<i>Total Disbursements</i>	115,270	115,270	61,806	53,464
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,102)	(20,487)	24,376	44,863
Other Financing Sources (Uses)				
Transfers Out	(13,229)	(13,229)	(13,229)	0
<i>Total Other Financing Sources (Uses)</i>	(13,229)	(13,229)	(13,229)	0
<i>Net Change in Fund Balance</i>	(41,331)	(33,716)	11,147	44,863
<i>Unencumbered Fund Balance Beginning of Year</i>	49,794	49,794	49,794	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	\$8,463	\$16,078	\$60,941	\$44,863

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - EMT
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Charges for Services	\$75,000	\$89,673	\$91,129	\$1,456
Miscellaneous	35,000	35,000	1,095	(33,905)
<i>Total Receipts</i>	<u>110,000</u>	<u>124,673</u>	<u>92,224</u>	<u>(32,449)</u>
Disbursements				
Current:				
Security of Persons and Property	356,000	356,000	107,246	248,754
General Government	4,850	4,850	4,618	232
Capital Outlay	25,000	25,000	0	25,000
<i>Total Disbursements</i>	<u>385,850</u>	<u>385,850</u>	<u>111,864</u>	<u>273,986</u>
<i>Net Change in Fund Balance</i>	<u>(275,850)</u>	<u>(261,177)</u>	<u>(19,640)</u>	<u>241,537</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	291,745	291,745	291,745	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$15,895</u></u>	<u><u>\$30,568</u></u>	<u><u>\$272,105</u></u>	<u><u>\$241,537</u></u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Police
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$41,629	\$44,598	\$44,598	\$0
Intergovernmental	7,680	7,885	8,223	338
<i>Total Receipts</i>	49,309	52,483	52,821	338
Disbursements				
Current:				
Security of Persons and Property	82,500	82,500	37,605	44,895
<i>Total Disbursements</i>	82,500	82,500	37,605	44,895
<i>Net Change in Fund Balance</i>	(33,191)	(30,017)	15,216	45,233
<i>Unencumbered Fund Balance Beginning of Year</i>	158,396	158,396	158,396	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	\$125,205	\$128,379	\$173,612	\$45,233

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Fire Operating
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$33,400	\$35,900	\$35,811	(\$89)
Intergovernmental	6,151	6,284	6,552	268
Charges for Services	16,000	16,000	11,685	(4,315)
Miscellaneous	4,750	4,750	380	(4,370)
<i>Total Receipts</i>	60,301	62,934	54,428	(8,506)
Disbursements				
Current:				
Security of Persons and Property	110,550	110,550	54,080	56,470
Debt Service:				
Interest and Fiscal Charges	15,000	15,000	0	15,000
<i>Total Disbursements</i>	125,550	125,550	54,080	71,470
<i>Net Change in Fund Balance</i>	(65,249)	(62,616)	348	62,964
<i>Unencumbered Fund Balance Beginning of Year</i>	65,525	65,525	65,525	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	\$276	\$2,909	\$65,873	\$62,964

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Sewer Operating	OWDA Loan Proceeds	Public Works Commission	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$159,565	\$368,170	\$0	\$0	\$527,735
<i>Total Assets</i>	<u>\$159,565</u>	<u>\$368,170</u>	<u>\$0</u>	<u>\$0</u>	<u>\$527,735</u>
Net Position					
Restricted for:					
Other Purposes	159,565	368,170	0	0	527,735
<i>Total Net Position</i>	<u>\$159,565</u>	<u>\$368,170</u>	<u>\$0</u>	<u>\$0</u>	<u>\$527,735</u>

See accompanying notes to the basic financial statements

Village of Beloit, Ohio
Mahoning County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Sewer Operating	OWDA Loan Proceeds	Public Works Commission	
Operating Receipts					
Charges for Services	\$39,592	\$217,061	\$0	\$0	\$256,653
Intergovernmental	0	0	0	260,593	260,593
<i>Total Operating Receipts</i>	<u>39,592</u>	<u>217,061</u>	<u>0</u>	<u>260,593</u>	<u>517,246</u>
Operating Disbursements					
Personal Services	0	13,131			13,131
Employee Fringe Benefits	0	2,028			2,028
Contractual Services	8,857	167,381			176,238
Supplies and Materials	1,062	14,877			15,939
Other	10,038	8,457			18,495
<i>Total Operating Disbursements</i>	<u>19,957</u>	<u>205,874</u>	<u>0</u>	<u>0</u>	<u>225,831</u>
<i>Operating Income (Loss)</i>	<u>19,635</u>	<u>11,187</u>	<u>0</u>	<u>260,593</u>	<u>291,415</u>
Non-Operating Receipts (Disbursements)					
Other Debt Proceeds			630,723		630,723
Miscellaneous Receipts	399	5,996			6,395
Capital Outlay		(993)	(630,723)	(260,593)	(892,309)
Principal Retirement		(27,409)			(27,409)
Interest and Other Fiscal Charges		(12,266)			(12,266)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>399</u>	<u>(34,672)</u>	<u>0</u>	<u>(260,593)</u>	<u>(294,866)</u>
<i>Change in Net Position</i>	20,034	(23,485)	0	0	(3,451)
<i>Net Position Beginning of Year</i>	<u>139,531</u>	<u>391,655</u>	<u>0</u>	<u>0</u>	<u>531,186</u>
<i>Net Position End of Year</i>	<u>\$159,565</u>	<u>\$368,170</u>	<u>\$0</u>	<u>\$0</u>	<u>\$527,735</u>

See accompanying notes to the basic financial statements

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Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Beloit (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie. The members of council appoint a President Pro Tem (a member of council) each year at the organizational meeting.

The reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Beloit provides the following services to its citizens: police, EMS and fire protection, parks and recreation, building fire inspection, street maintenance and repairs, and sewer services. Council has direct responsibility for these services.

Council contracts with the Village of Sebring, Ohio, Mahoning County to provide water services for the Village. Residents are invoiced for these services directly by the Village of Sebring.

Council also contracts with Goshen Township for police protection services.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

EMT The EMT fund accounts for and reports that portion of revenue generated from EMS services provided and invoiced by the Village and is restricted for personnel and operating costs associated with operating the EMS for the Village of Beloit.

Police The Police fund accounts for and reports that portion of revenue generated to contract for police protection and is restricted for that purpose.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Fire Operating The Fire Operating fund accounts for and reports that portion of revenue generated for the operation of the fire department and is restricted for the cost of personnel and operating costs associated with fire department expenditures.

Capital Project Fund The capital project fund accounts for and reports that portion of cable franchise tax and estate tax as committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water maintenance for the residents and commercial users located within the Village.

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

OWDA Loan Proceeds The OWDA Loan Proceeds fund accounts for and reports long term debt obligation received to fund sewer plant upgrades and is restricted for the payment of contractor fees associated with the required plant upgrade.

Public Works Commission The Public Works Commission fund accounts for and reports long term debt obligation received to fund sewer plant upgrades and is restricted for the payment of contractor fees associated with the required plant upgrade.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 was \$31.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects and debt service.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, EMT, Police and Fire Operating funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)).
3. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	EMT Fund	Police Operating Fund	Fire Operating Fund
Cash Basis	\$60,941	\$278,414	\$173,614	\$69,771
Encumbrances	0	(6,309)	0	(3,898)
Budget Basis	<u>\$60,941</u>	<u>\$272,105</u>	<u>\$173,612</u>	<u>\$65,873</u>

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments (continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$0 in undeposited cash on hand.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$826,678 of the Village's bank balance of \$1,076,678 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2015, the Village had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Huntington National Bank MMA Public Funds	\$233,195	Not applicable
Huntington National Bank MMA Public Funds	74,785	Not applicable
	<u> </u>	
Total Portfolio	<u>\$307,981</u>	

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments (continued)

Investments (continued)

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer.

Investment Issuer	Investments
Huntington National Bank MMA Public Funds	100.00 %

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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 due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 5 - Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2015, was \$21 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$7,892,150
Public Utility Personal Property	<u>370,620</u>
Total	<u><u>\$8,262,770</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the Village contracted with the Ohio Plan Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Ohio Plan Insurance Company		
Blanket Property and Contents, Replacement	\$1,524,180	\$1,000
Inland Marine	147,100	500
General Liability	2,000,000	0
Automobile Liability	2,000,000	1,000
Public Officials Liability	2,000,000	1,000
Employment Practice Liability	2,000,000	1,000
Computer - Hardware	9,750	250
Computer - Software	10,000	250
Public Employee Dishonesty	5,000	0
Umbrella Excess Liability	4,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all cities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangements insures that each participant shares equally in the overall performance of the GRP.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions.

For the year ended December 31, 2015, members in the state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2015, member and employer contribution rates were consistent across all three plans.

The Village's 2015 contribution rate was 14.0 percent.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 8 - Postemployment Benefits (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 9 - Long Term Obligations

The changes in the Village's long term obligations during 2015 were as follows:

	Outstanding 12/31/14	Issued	Retired	Outstanding 12/31/15
Governmental Activities				
3.47% Lease Purchase Agreement - Fire Truck	\$72,725	\$0	\$0	\$72,725 0
<i>Total Governmental Activities</i>	<u>72,725</u>	<u>0</u>	<u>0</u>	<u>72,725</u>
Business Type Activities				
1.5% OWDA Loan for Sewer Plant Upgrade	163,122	630,723	27,409	766,436
<i>Total Business Type Activities</i>	<u>163,122</u>	<u>630,723</u>	<u>27,409</u>	<u>766,436</u>
Total	<u><u>\$235,847</u></u>	<u><u>\$630,723</u></u>	<u><u>\$27,409</u></u>	<u><u>\$839,161</u></u>

The Lease Purchase Agreement for the Fire Truck was issued in 2012 through Community Leasing. The Village has paid additional principal when invoiced in an attempt to pay the lease off early. However, no payments were made during 2015.

In 2014, the Village entered into a low interest loan of 1.5% with the Ohio Water Development Authority (OWDA) to fund the Ohio Environmental Protection Agency (EPA) required sewer plant upgrades. The loan with the OWDA was initially issued for a 25 year period with the final payment due in 2040. The project and loan amount have not been finalized. Therefore, an amortization schedule is not available; however, the Village began making semi-annual payments in 2015.

Note 10 – Lease

The Village leases a fire truck under a lease purchase agreement with Community Leasing. The Village prepaid principal and interest payments of \$75,000 near the beginning of the lease period; as a result, the Village disbursed \$0 to pay lease costs for the year ended December 31, 2015. Future lease payments are as follows:

Year	Principal	Interest
2019	\$12,511	\$ 1,704
2020	\$19,384	\$ 1,925
2021-2022	<u>\$40,830</u>	<u>\$ 1,788</u>
Total	<u><u>\$72,725</u></u>	<u><u>\$5,417</u></u>

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	EMT Fund	Police Fund	Fire Operating	Capital Projects	Other Governmental Funds	Total
Restricted for							
Road Maint. & Improv.						\$ 96,319	\$ 96,319
Police Operations			\$ 173,614				173,614
Fire Operations				\$ 69,771			69,771
Emergency Medical Services		\$ 278,414					278,414
Parks and Recreation						34,159	34,159
Other						59,525	59,525
Capital Projects					\$ 69,329		69,329
<i>Total Restricted</i>	\$0	278,414	173,614	69,771	69,329	190,003	781,131
Assigned to							
Subsequent Appropriations	24,814						24,814
<i>Total Assigned</i>	24,814	0	0	0	0	0	24,814
Unassigned (deficits):	36,127						36,127
<i>Total Fund Balances</i>	\$60,941	\$278,414	\$173,614	\$69,771	\$69,329	\$190,003	\$842,072

Note 12 - Interfund Transfers

During 2015 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Total</u>
General		
Other Governmental Funds		
Capital Project Fund	\$13,229	\$13,229

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The general fund transfers to the capital project fund were made to provide additional resources for capital improvements. The transfer represented the amount received from cable franchise fee monies for the year 2014.

Village of Beloit, Ohio
Mahoning County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 13 – Construction and Contractual Commitments

The mandated sewer plant upgrade project was still ongoing at the end of 2015. The plant project was funded by an Ohio Public Works Grant combined with a low interest loan from the Ohio Water Development Authority with both entities remitting payment directly to the contractor after the approval of council.

Note 14 – Contingent Liabilities

As of December 31, 2015, there are no known potential litigation proceeding or potential lawsuits.

As of December 31, 2015, the Village was not named as a defendant in any lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 15 – Public Entity Risk Pool

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



Dave Yost • Auditor of State

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

Village of Beloit
Mahoning County
P.O. Box 276
17893 Fifth Street
Beloit, Ohio 44609

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beloit, Mahoning County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 15, 2018, wherein we noted that Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 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 agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

Village's Response to Findings

The Village's response to the finding 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.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

February 15, 2018

VILLAGE OF BELOIT
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

1. Ohio Rev. Code § 5705.10(D)

<i>Finding Number</i>	2016-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code Section 5705.10(D) provides 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.

During 2015, the Village inappropriately recorded \$13,518 of sewer revenue in the Water Operating fund for a residential customer. Given the source of the revenue, this revenue should be recorded in the Sewer Operating fund. The adjustments have been reflected in the financial statements and the Village's accounting records.

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

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

Official's Response: The fiscal officer will work to ensure that receipt postings are double checked prior to posting so that the same error does not occur.

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VILLAGE OF BELOIT

MAHONING 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
MARCH 13, 2018