



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF BELMONT  
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2018.....	4
Notes to the Financial Statements – For the Year Ended December 31, 2018.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017 .....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2017 .....	14
Notes to the Financial Statements – For the Year Ended December 31, 2017.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25
Summary Schedule of Prior Audit Findings (Prepared by Management).....	31

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmont, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no 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.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmont, Belmont County, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2019, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 24, 2019

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$23,927	\$16,431	\$0	\$40,358
Intergovernmental	55,143	56,914	0	112,057
Charges for Services	9,597	140,651	0	150,248
Fines, Licenses and Permits	1,290	0	0	1,290
Earnings on Investments	1,971	0	0	1,971
Miscellaneous	60,191	18,298	0	78,489
<i>Total Cash Receipts</i>	<u>152,119</u>	<u>232,294</u>	<u>0</u>	<u>384,413</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	5,270	119,786	0	125,056
Public Health Services	0	11,600	0	11,600
Leisure Time Activities	5,000	0	0	5,000
Transportation	0	51,525	0	51,525
General Government	209,072	0	0	209,072
Capital Outlay	42,380	22,301	0	64,681
Debt Service:				
Principal Retirement	0	7,400	0	7,400
Interest and Fiscal Charges	0	1,028	0	1,028
<i>Total Cash Disbursements</i>	<u>261,722</u>	<u>213,640</u>	<u>0</u>	<u>475,362</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(109,603)</u>	<u>18,654</u>	<u>0</u>	<u>(90,949)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	49,900	0	0	49,900
Loans Issued	0	22,301	0	22,301
Transfers In	0	16,000	0	16,000
Transfers Out	(16,000)	0	0	(16,000)
Advances Out	(7,000)	0	0	(7,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>26,900</u>	<u>38,301</u>	<u>0</u>	<u>65,201</u>
<i>Net Change in Fund Cash Balances</i>	<u>(82,703)</u>	<u>56,955</u>	<u>0</u>	<u>(25,748)</u>
<i>Fund Cash Balances, January 1</i>	<u>267,038</u>	<u>96,873</u>	<u>40,331</u>	<u>404,242</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	40,000	40,000
Restricted	0	153,828	331	154,159
Assigned	184,335	0	0	184,335
<i>Fund Cash Balances, December 31</i>	<u>\$184,335</u>	<u>\$153,828</u>	<u>\$40,331</u>	<u>\$378,494</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Types	Fiduciary Fund Types	Totals  (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$224,953	\$0	\$224,953
<i>Total Operating Cash Receipts</i>	<u>224,953</u>	<u>0</u>	<u>224,953</u>
<b>Operating Cash Disbursements</b>			
Personal Services	72,128	0	72,128
Employee Fringe Benefits	8,853	0	8,853
Contractual Services	88,623	0	88,623
Supplies and Materials	23,483	0	23,483
Other	46,734	0	46,734
<i>Total Operating Cash Disbursements</i>	<u>239,821</u>	<u>0</u>	<u>239,821</u>
<i>Operating Income (Loss)</i>	<u>(14,868)</u>	<u>0</u>	<u>(14,868)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Mayors Court Fines and Fees	0	1,470	1,470
Mayors Court Distribution of Fines and Fees	0	(976)	(976)
Principal Retirement	(30,469)	0	(30,469)
Interest and Other Fiscal Charges	(35,241)	0	(35,241)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(65,710)</u>	<u>494</u>	<u>(65,216)</u>
<i>Income (Loss) before Advances</i>	<u>(80,578)</u>	<u>494</u>	<u>(80,084)</u>
Advances In	7,000	0	7,000
<i>Net Change in Fund Cash Balances</i>	<u>(73,578)</u>	<u>494</u>	<u>(73,084)</u>
<i>Fund Cash Balances, January 1</i>	<u>170,584</u>	<u>0</u>	<u>170,584</u>
<i>Fund Cash Balances, December 31</i>	<u>\$97,006</u>	<u>\$494</u>	<u>\$97,500</u>

*See accompanying notes to the basic financial statements*



**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Belmont, Belmont County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities and sewer utilities through Belmont County Sanitary Sewer District, park operations, police protection which is contracted with Bethesda, and fire protection.

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Fund Accounting (Continued)***

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

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

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

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

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

***Mayor's Court Fund*** This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and Belmont County.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Budgetary Process (Continued)***

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village has a CD with Wesbanco Bank and values this CD at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Fund Balance (Continued)***

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$184,750	\$202,019	\$17,269
Special Revenue	218,434	270,595	52,161
Enterprise	240,478	224,953	(15,525)
Total	\$643,662	\$697,567	\$53,905

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$451,786	\$277,957	\$173,829
Special Revenue	307,821	215,876	91,945
Enterprise	411,583	306,912	104,671
Total	\$1,171,190	\$800,745	\$370,445

**Note 4 – Deposits**

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

Demand deposits	2018 \$435,994
Certificates of deposit	40,000
Total deposits	\$475,994

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits (Continued)**

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

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available):

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$12,000.

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

<b><u>2018 Contributions to PEP</u></b>
<b><u>\$ 18,716</u></b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

The Village had four paid policemen in 2018. These employees paid into OPERS instead of the Ohio Police and Fire Retirement System (OP&F).

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Mortgage Revenue Bonds	\$653,500	4.50%
OPWC Loan	104,516	2.00%
EMS Bond	12,521	3.75%
Truck Acquisition Bond	22,657	2.90%
Fire Dept. Financing Arrangement - Stryker	20,383	7.27%
Water Tank Rehabilitation Project Bonds	48,897	4.36%
Total	\$862,474	

The Sanitary Sewer System Mortgage Revenue Bonds were issued for the purpose of paying part of the cost of certain sanitary sewer improvements. The bonds were issued in 2009 for \$713,000 at 4.50% interest for 50 years. The loan will be repaid in annual payments of approximately \$39,500. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2018 is \$43,345.

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

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

The Truck Acquisition general obligation bonds were issued for the purpose of paying for the purchase of a truck with related equipment, plow, and salt dump for road and utility purposes. The bond was issued in 2017 for \$40,000 at 2.90% for 4 years. The loan will be repaid in monthly payments of \$1,162. The Village’s taxing authority collateralized the bonds.

The Fire Department entered into a financing arrangement with Flex Financial, a division of Stryker Sales Corporation, for the purpose of purchasing equipment for Fire and EMS rescues. The loan was issued in 2018 for \$22,301 at 7.27% for 3 years. The loan will be repaid in quarterly payments of \$2,037. The Village’s taxing authority collateralized the loan.

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 9 – Debt (Continued)**

The Water Tank Rehabilitation general obligation bonds were issued for the purpose of paying for the rehabilitation work on the Village’s water tank for utility purposes. The bond was issued in 2018 for \$49,900 at 4.36% for 10 years. The loan will be repaid in monthly payments of \$513.80. The Village’s taxing authority collateralized the loan.

***Amortization***

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

Year Ending December 31:	Sanitary Sewer Mortgage Revenue	OPWC Loan	EMS Bonds	Truck Acquisition Bonds	Fire Dept. Financing Arrangement	Water Tank Rehab Bonds
2019	\$39,508	\$6,067	\$4,730	\$13,947	\$6,112	\$6,166
2020	39,453	12,135	5,059	9,298	8,149	6,166
2021	39,481	12,135	3,372	0	8,149	6,166
2022	39,586	12,135	0	0	0	6,166
2023	39,464	12,135	0	0	0	6,166
2024-2028	197,500	48,539	0	0	0	29,285
2029-2033	197,462	12,135	0	0	0	0
2034-2038	197,553	0	0	0	0	0
2039-2043	197,546	0	0	0	0	0
2044-2048	197,463	0	0	0	0	0
2049-2053	39,501	0	0	0	0	0
Total	<u>\$1,224,517</u>	<u>\$115,281</u>	<u>\$13,161</u>	<u>\$23,245</u>	<u>\$22,410</u>	<u>\$60,115</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Public Entity Risk Pool**

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



**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$17,179	\$17,538	\$0	\$0	\$34,717
Intergovernmental	39,373	51,300	0	0	90,673
Charges for Services	13,259	107,299	0	0	120,558
Fines, Licenses and Permits	9,802	0	0	0	9,802
Earnings on Investments	455	25	0	25	505
Miscellaneous	309,575	7,700	0	0	317,275
<i>Total Cash Receipts</i>	<u>389,643</u>	<u>183,862</u>	<u>0</u>	<u>25</u>	<u>573,530</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	249	144,866	0	0	145,115
Public Health Services	0	15,200	0	0	15,200
Leisure Time Activities	5,000	0	0	0	5,000
Transportation	0	40,981	0	0	40,981
General Government	295,563	0	0	0	295,563
Capital Outlay	0	0	40,030	0	40,030
Debt Service:					
Principal Retirement	0	5,751	0	0	5,751
Interest and Fiscal Charges	0	857	0	0	857
<i>Total Cash Disbursements</i>	<u>300,812</u>	<u>207,655</u>	<u>40,030</u>	<u>0</u>	<u>548,497</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>88,831</u>	<u>(23,793)</u>	<u>(40,030)</u>	<u>25</u>	<u>25,033</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds	0	0	40,000	0	40,000
Transfers In	0	0	30	0	30
Transfers Out	(30)	0	0	0	(30)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30)</u>	<u>0</u>	<u>40,030</u>	<u>0</u>	<u>40,000</u>
<i>Net Change in Fund Cash Balances</i>	88,801	(23,793)	0	25	65,033
<i>Fund Cash Balances, January 1</i>	<u>178,237</u>	<u>120,666</u>	<u>0</u>	<u>40,306</u>	<u>339,209</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	40,000	40,000
Restricted	0	96,873	0	331	97,204
Assigned	267,038	0	0	0	267,038
<i>Fund Cash Balances, December 31</i>	<u>\$267,038</u>	<u>\$96,873</u>	<u>\$0</u>	<u>\$40,331</u>	<u>\$404,242</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$221,061	\$0	\$221,061
<i>Total Operating Cash Receipts</i>	<u>221,061</u>	<u>0</u>	<u>221,061</u>
<b>Operating Cash Disbursements</b>			
Personal Services	49,467	0	49,467
Employee Fringe Benefits	5,799	0	5,799
Contractual Services	85,721	0	85,721
Supplies and Materials	26,446	0	26,446
Other	37,521	0	37,521
<i>Total Operating Cash Disbursements</i>	<u>204,954</u>	<u>0</u>	<u>204,954</u>
<i>Operating Income (Loss)</i>	<u>16,107</u>	<u>0</u>	<u>16,107</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Mayors Court Fines and Fees	0	5,385	5,385
Mayors Court Distribution of Fines and Fees	0	(5,385)	(5,385)
Principal Retirement	(21,653)	0	(21,653)
Interest and Other Fiscal Charges	(33,040)	0	(33,040)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(54,693)</u>	<u>0</u>	<u>(54,693)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(38,586)</u>	<u>0</u>	<u>(38,586)</u>
<i>Fund Cash Balances, January 1</i>	<u>209,170</u>	<u>0</u>	<u>209,170</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$170,584</u></u>	<u><u>\$0</u></u>	<u><u>\$170,584</u></u>

*See accompanying notes to the basic financial statements*

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Belmont, Belmont County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities and sewer utilities through Belmont County Sanitary Sewer District, park operations, police protection which is contracted with Bethesda, and fire protection.

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Fund Accounting (Continued)***

***Capital Projects Fund*** This Capital Projects Fund is used to support large capital outlay expenditures for projects and/or equipment purchases.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

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

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

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

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

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

***Mayor's Court Fund*** This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and Belmont County.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village has a CD with Wesbanco Bank and values this CD at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Fund Balance (Continued)***

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

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,000	\$389,643	\$166,643
Special Revenue	201,651	183,862	(17,789)
Capital Projects	0	40,030	40,030
Enterprise	281,500	221,061	(60,439)
Permanent	0	25	25
Total	\$706,151	\$834,621	\$128,470

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,166	\$301,052	\$82,114
Special Revenue	332,888	208,345	124,543
Capital Projects	40,030	40,030	0
Enterprise	498,170	260,690	237,480
Total	\$1,254,254	\$810,117	\$444,137

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – Deposits**

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

	<u>2017</u>
Demand deposits	\$534,826
Certificates of deposit	40,000
Total deposits	<u><u>\$574,826</u></u>

***Deposits***

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

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

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

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

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

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$12,000.

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

<b><u>2017 Contributions to PEP</u></b> \$19,541
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.



**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

The Village contracted with the Village of Bethesda for police services in 2017.

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

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Mortgage Revenue Bond	\$663,200	4.50%
OPWC Loan	119,286	2.00%
EMS Bond	16,921	3.75%
Truck Acquisition Bond	35,729	2.90%
Total	\$835,136	

The Sanitary Sewer System Mortgage Revenue Bonds were issued for the purpose of paying part of the cost of certain sanitary sewer improvements. The bonds were issued in 2009 for \$713,000 at 4.50% interest for 50 years. The loan will be repaid in annual payments of approximately \$39,500. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2017 is \$42,295.

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

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

The Truck Acquisition general obligation bonds were issued for the purpose of paying for the purchase of a truck with related equipment, plow, and salt dump for road and utility purposes. The bond was issued in 2017 for \$40,000 at 2.90% for 4 years. The loan will be repaid in monthly payments of \$1,162. The Village’s taxing authority collateralized the bonds.

**Village of Belmont, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	Sanitary Sewer Mortgage Revenue Bond	OPWC Loan	EMS Bond	Truck Acquisition Bond
2018	\$39,544	\$12,135	\$4,734	\$13,947
2019	39,508	12,135	5,059	13,947
2020	39,453	12,135	5,059	9,298
2021	39,481	12,135	3,372	0
2022	39,586	12,135	0	0
2023-2027	197,461	60,673	0	0
2028-2032	197,452	12,135	0	0
2033-2037	197,556	0	0	0
2038-2042	197,479	0	0	0
2043-2047	197,509	0	0	0
2048-2052	79,031	0	0	0
Total	<u>\$1,264,060</u>	<u>\$133,483</u>	<u>\$18,224</u>	<u>\$37,192</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Public Entity Risk Pool**

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

**Note 12 – Subsequent Event**

**Water Tank Rehabilitation Project and Bond Issue**

In October 2018, the Village entered into a contractual agreement to perform rehabilitation on the water tank for \$49,900 and issued a 5 year general obligation bond for \$49,900 to pay for the project.



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Belmont, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 24, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 and 2018-005 to be material weaknesses.

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

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matter we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-004 and 2018-005.

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

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

### ***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 24, 2019

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Ohio Village Officer's Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

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

We noted the following posting errors in 2018:

- The Village received a grant from the Ohio Department of Natural Resources in the amount of \$20,254 to replace playground equipment and the receipt was posted as miscellaneous and should have been posted as intergovernmental in the General Fund.
- The Village recorded the expenditure for the playground project as General Government instead of Capital Outlay in the amount of \$42,380 in the General Fund.
- The Village did not post loan proceeds and related capital outlay expenditure for the Stryker loan for EMS department equipment in the amount of \$22,301. Loan proceeds should have been posted to EMS Fund - Other Financing Sources – Loans Issued and related expenditure for the equipment should have been posted to Capital Outlay.
- The Village allocates Water and Sewer Charges for Services receipts monthly or as needed in to a Debt Sinking Fund to fund the debt requirements for the USDA Sanitary Sewer Debt. Total Charges for Services allocated to the Debt Service Sinking Fund was \$39,559 and was classified as Other Financing Sources - Special Assessment Revenue line item instead of Charges for Services.
- Mayor's court fines and fees receipts and distribution activity were classified as other receipts and expenditures, whereas, receipts should have been classified as Mayors Court Fines and Fees Revenue in the amount of \$1,470 and expenditures should be Mayors Court Distribution of Fines and Fees in the amount of \$976.

We noted the following posting errors in 2017:

- The Village posted \$4,327 of principal and \$732 of interest payments on EMS Bonds to Security of Persons and Property in the EMS Fund.
- The Village posted \$1,070 of principal and \$92 of interest on the Truck Acquisition Bonds to Street Fund Transportation expenditure line item. For this same debt, the Village posted \$354 of Principal and \$33 of Interest to State Highway Fund Transportation expense.
- The Village posted \$1,424 of Principal and \$126 of Interest each to both Water Fund and Sewer Fund Supplies and Materials line item.
- The Village posted \$8,900 for the USDA Sanitary Sewer Bond as interest and posted \$30,558 for the USDA Sanitary Sewer Bond as principal. The correct posting should have been \$9,200 as principal and \$30,258 as interest in the Sewer Debt Sinking Fund.

**VILLAGE OF BELMONT  
BELMONT COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-001  
(Continued)**

**Material Weakness – Receipts and Expenditures Classification (Continued)**

- The Village allocates Water and Sewer Charges for Services receipts monthly or as needed into a Debt Sinking Fund to fund the debt requirements for the USDA Sanitary Sewer Debt. Total Charges for Services allocated to the Debt Service Sinking Fund was \$26,372 and was classified as Other Financing Sources - Special Assessment Revenue line item instead of Charges for Services.
- Mayor's court fines and fees receipts and distribution activity were not posted to the accounting system as an agency fund. Total court fines and fees collected were \$5,385 and total disbursed was \$5,385. All activity was posted to the General Fund instead.

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

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$387 to \$6,630 that we have brought to the Village's attention.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Fiscal Officer should refer to the Ohio Village Handbook for proper receipt and expenditure classifications and take additional care in posting transactions to the Village's accounting system in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

**Officials' Response:** The fiscal officer will monitor which accounts are used within each fund to make sure that charges and revenue are booked to the correct account.

**FINDING NUMBER 2018-002**

**Material Weakness**

The Village did not properly classify its December 31, 2018 and 2017 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

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

For 2018 and 2017, the Village classified the Perkins Cemetery Permanent Fund balance of \$40,331 as restricted. Within this fund balance, \$40,000 is the nonexpendable portion that should be classified as nonexpendable on the financial statements. The remaining \$331 earnings is properly classified as restricted for cemetery purposes.

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-002  
(Continued)**

**Material Weakness – GASB 54 Fund Classifications (Continued)**

In addition, for 2018 and 2017 the General Fund amount appropriated over estimated receipts in the next fiscal year was classified as unassigned rather than assigned in the amount of \$184,335 and \$267,038, respectively.

The above adjustments, to which management agrees, are reflected in the accompanying financial statements.

The Village did not have a process in place to accurately classify fund balance in accordance with GASB 54.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

**Officials' Response:** The Fiscal Officer will ask UAN to assist with seeing how to change these in UAN.

**FINDING NUMBER 2018-003**

**Material Weakness**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

During 2018 and 2017, the Fiscal Officer did not accurately post budgeted receipts, and amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system.

The following variances occurred in 2018:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
Police Levy	\$11,084	\$17,000	(\$5,916)
Fire Levy	72,350	67,950	\$4,400
Water	90,978	116,500	(\$25,522)

**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-003  
(Continued)**

**Material Weakness – Budgetary Controls (Continued)**

The following variances occurred in 2017:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
Perkins Cemetery	\$0	\$500	(\$500)
Water	91,500	101,500	(10,000)

During 2018, the Fiscal Officer did not accurately post appropriations, and amendments made to them, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances:

Fund	Approved Appropriations	Appropriations posted to the System	Variance
Police Levy	\$8,485	\$17,485	\$9,000
Water	107,656	132,656	25,000

Because the information entered into the accounting system was inaccurate, Village management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in the notes to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations as approved by the Village Council.

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

**Officials' Response:** The Fiscal Officer will monitor the budgets to make sure that they agree with the county certification.

**FINDING NUMBER 2018-004**

**Noncompliance**

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt. Under Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Further, Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Under Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. In addition, under Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.



**VILLAGE OF BELMONT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-004  
(Continued)**

**Noncompliance - Ohio Rev. Code Chapter 133 (Continued)**

The Village Fire/EMS department entered into a 3 year financing arrangement in 2018 in the amount of \$22,301 for the purchase of equipment for Fire and EMS rescues. This type of debt does not meet the criteria for any of the debt allowed in Ohio Rev. Code § 133. Also the Fire/EMS department entered into this financing arrangement without the knowledge of Village Council, who is making the required quarterly debt payment.

This type of debt does not meet the criteria for any of the debt authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Village was not permitted to use such a method. The Village had no statutory authority to incur debt through either installment loans or promissory notes with any financial institution. Inadequate policies and procedures related to debt issuance could result in illegal expenditures by the Village.

The Village should consult with legal counsel when Village Council anticipates incurring debt to help ensure it is an allowable type of debt. Also prior to incurring debt on behalf of the Village, the Fire/EMS department needs to obtain Village Council approval.

**Officials' Response:** The Village Council and Fiscal Officer will make sure that no debt is issued without issuing bonds.

**FINDING NUMBER 2018-005**

**Noncompliance and Material Weakness**

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

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

We noted the following posting errors in 2018:

- Homestead and rollback reimbursements receipts in the amount of \$5,614 were posted to General Fund Property Taxes Revenue instead of allocating these receipts to General Fund Intergovernmental Revenue of \$2,710, Police Levy Fund Intergovernmental Revenue in the amount of \$1,076 and the Fire Levy Fund Intergovernmental Revenue in the amount of \$1,828.
- Permissive Motor Vehicle License Tax receipts in the amount of \$2,974 were posted to Street Fund Intergovernmental Revenue in the amount of \$2,751 and State Highway Fund Intergovernmental Revenue in the amount of \$223, instead of the Permissive Motor Vehicle License Tax State Fund.

We noted the following posting errors in 2017:

- Permissive Motor Vehicle License Tax receipts in the amount of \$3,129 were posted to Street Fund Intergovernmental Revenue in the amount of \$2,894 and State Highway Fund Intergovernmental Revenue in the amount of \$235, instead of the Permissive Motor Vehicle License Tax State Fund.

**VILLAGE OF BELMONT  
BELMONT COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-005  
(Continued)**

**Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(C) and (D) (Continued)**

- The Village issued general obligation bonds in the amount of \$40,000 in 2017 for the acquisition of a truck. Proceeds were deposited into the General Fund as Sale of Bonds and the related expenditure for the truck was classified as general government expenditure in the amount of \$40,030. The bond agreement specifically stated that proceeds were to be deposited into a Capital Projects Fund and related expenditure should have been classified as capital outlay.

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

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$267 to \$2,800 that we have brought to the Village's attention.

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

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

**Officials' Response:** The village has established the new permissive tax fund and these receipts will be posted to it accordingly. The homestead taxes have been corrected for 2019 and will be booked correctly in the future. Bonds will be posted to an appropriate fund in the future.

# VILLAGE OF BELMONT, OHIO

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Stanley Sobel, Mayor  
Rick Burkhead, Village Fiscal Officer

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2018 AND 2017

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Noncompliance Citation – Ohio Rev. Code § 5705.12 – Fund Establishment	Corrected	Corrected
2016-002	Noncompliance Citation – Ohio Rev. Code § 5705.10 (D) – Receipt Classification	Not Corrected	We are Working on Correcting
2016-003	Material Weakness – Receipt and Expenditure Classification	Not Corrected	We are Working on Correcting
2016-004	Material Weakness – Budgetary Integration	Not Corrected	We are Working on Correcting

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF BELMONT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2019**