



Dave Yost • Auditor of State

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY
DECEMBER 31, 2015 AND 2014**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

In 2007, the General Fund received \$27,000 in allocations from the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively. This allocation of monies was for administrative costs incurred on-behalf of the above noted departments. However, there was neither support for the chargebacks through a formal cost allocation plan, nor was there any other support for the allocation methodology. Due to the impact this adjustment would have on the General Fund, the Village has declined to make this adjustment in the prior years, as well as in this audit period.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General Fund, Special Revenue Funds, and Enterprise Funds of the Village of Bridgeport, Belmont County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Capital Projects Fund Type and Fiduciary Fund Types of the Village of Bridgeport, Belmont County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2018

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Village of Bridgeport, Ohio

Belmont County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2015

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$116,708	\$49,840	\$0	\$166,548
Intergovernmental	104,028	185,157	180	289,365
Charges for Services	213,350	63,002	0	276,352
Fines, Licenses and Permits	98,466	185	0	98,651
Earnings on Investments	1,182	0	0	1,182
Oil and Gas Rights	439,920	0	0	439,920
Miscellaneous	35,063	12,201	0	47,264
<i>Total Cash Receipts</i>	<u>1,008,717</u>	<u>310,385</u>	<u>180</u>	<u>1,319,282</u>
Cash Disbursements				
Current:				
Security of Persons and Property	560,399	73,855	0	634,254
Public Health Services	0	3,550	0	3,550
Basic Utility Services	130,085	0	0	130,085
Transportation	0	202,061	0	202,061
General Government	215,045	83,374	0	298,419
Capital Outlay	20,634	62,918	100,000	183,552
Debt Service:				
Principal Retirement	16,026	12,269	0	28,295
Interest and Fiscal Charges	2,220	2,856	0	5,076
<i>Total Cash Disbursements</i>	<u>944,409</u>	<u>440,883</u>	<u>100,000</u>	<u>1,485,292</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>64,308</u>	<u>(130,498)</u>	<u>(99,820)</u>	<u>(166,010)</u>
Other Financing Receipts				
Loan Proceeds	70,000	63,059	100,000	233,059
Other Financing Sources	31,040	10,163	0	41,203
<i>Total Other Financing Receipts</i>	<u>101,040</u>	<u>73,222</u>	<u>100,000</u>	<u>274,262</u>
<i>Net Change in Fund Cash Balances</i>	<u>165,348</u>	<u>(57,276)</u>	<u>180</u>	<u>108,252</u>
<i>Fund Cash Balances, January 1</i>	<u>79,058</u>	<u>240,635</u>	<u>29,074</u>	<u>348,767</u>
Fund Cash Balances, December 31				
Restricted	0	207,922	29,254	237,176
Unassigned (Deficit)	244,406	(24,563)	0	219,843
<i>Fund Cash Balances, December 31</i>	<u>\$244,406</u>	<u>\$183,359</u>	<u>\$29,254</u>	<u>\$457,019</u>

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

Village of Bridgeport, Ohio

Belmont County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)*

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2015

	Proprietary Fund	Fiduciary Fund Types		Totals
	Types			(Memorandum Only)
	Enterprise	Agency	Private Purpose Trust	
Operating Cash Receipts				
Charges for Services	\$987,796	\$0	\$0	\$987,796
Fines, Licenses and Permits	0	85,997	0	85,997
Miscellaneous	250	0	0	250
<i>Total Operating Cash Receipts</i>	<u>988,046</u>	<u>85,997</u>	<u>0</u>	<u>1,074,043</u>
Operating Cash Disbursements				
Personal Services	81,661	0	0	81,661
Employee Fringe Benefits	42,636	0	0	42,636
Contractual Services	236,591	0	0	236,591
Supplies and Materials	159,161	0	0	159,161
Other	9,273	91,125	0	100,398
<i>Total Operating Cash Disbursements</i>	<u>529,322</u>	<u>91,125</u>	<u>0</u>	<u>620,447</u>
<i>Operating Income (Loss)</i>	<u>458,724</u>	<u>(5,128)</u>	<u>0</u>	<u>453,596</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	413,205	0	0	413,205
Loan Proceeds	913,278	0	0	913,278
Miscellaneous Receipts	1,425	0	0	1,425
Capital Outlay	(1,058,379)	0	0	(1,058,379)
Principal Retirement	(431,810)	0	0	(431,810)
Interest and Other Fiscal Charges	(48,431)	0	0	(48,431)
Other Financing Uses	(54,743)	0	0	(54,743)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(265,455)</u>	<u>0</u>	<u>0</u>	<u>(265,455)</u>
<i>Income (Loss) before Advances</i>	193,269	(5,128)	0	188,141
Advances In	62,084	0	0	62,084
Advances Out	(62,084)	0	0	(62,084)
<i>Net Change in Fund Cash Balances</i>	193,269	(5,128)	0	188,141
<i>Fund Cash Balances, January 1</i>	<u>296,181</u>	<u>5,081</u>	<u>1,250</u>	<u>302,512</u>
<i>Fund Cash Balances, December 31</i>	<u>\$489,450</u>	<u>(\$47)</u>	<u>\$1,250</u>	<u>\$490,653</u>

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

Village of Bridgeport, Ohio

Belmont County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2014

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$119,745	\$50,278	\$0	\$170,023
Intergovernmental	89,911	122,432	0	212,343
Charges for Services	206,024	54,092	0	260,116
Fines, Licenses and Permits	95,324	80	0	95,404
Earnings on Investments	84	0	0	84
Miscellaneous	30,871	0	0	30,871
<i>Total Cash Receipts</i>	<u>541,959</u>	<u>226,882</u>	<u>0</u>	<u>768,841</u>
Cash Disbursements				
Current:				
Security of Persons and Property	423,552	73,174	0	496,726
Public Health Services	0	12,979	0	12,979
Basic Utility Services	110,308	0	0	110,308
Transportation	0	68,417	0	68,417
General Government	206,491	67,269	0	273,760
Capital Outlay	28,825	0	0	28,825
Debt Service:				
Principal Retirement	6,605	21,244	0	27,849
Interest and Fiscal Charges	735	2,184	0	2,919
<i>Total Cash Disbursements</i>	<u>776,516</u>	<u>245,267</u>	<u>0</u>	<u>1,021,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(234,557)</u>	<u>(18,385)</u>	<u>0</u>	<u>(252,942)</u>
Other Financing Receipts (Disbursements)				
Loan Proceeds	24,430	0	0	24,430
Advances In	0	2,000	0	2,000
Advances Out	(2,000)	0	0	(2,000)
Other Financing Sources	12,472	5,790	0	18,262
Other Financing Uses	(206)	0	0	(206)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>34,696</u>	<u>7,790</u>	<u>0</u>	<u>42,486</u>
<i>Net Change in Fund Cash Balances</i>	(199,861)	(10,595)	0	(210,456)
<i>Fund Cash Balances, January 1</i>	<u>278,919</u>	<u>251,230</u>	<u>29,074</u>	<u>559,223</u>
Fund Cash Balances, December 31				
Restricted	0	240,635	29,074	269,709
Assigned	79,058	0	0	79,058
<i>Fund Cash Balances, December 31</i>	<u>\$79,058</u>	<u>\$240,635</u>	<u>\$29,074</u>	<u>\$348,767</u>

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

Village of Bridgeport, Ohio

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, 2014

	Proprietary Fund	Fiduciary Fund Types		Totals
	Types	Agency	Private Purpose Trust	(Memorandum Only)
	Enterprise			
Operating Cash Receipts				
Charges for Services	\$816,751	\$0	\$0	\$816,751
Fines, Licenses and Permits	0	99,875	0	99,875
Miscellaneous	100	0	0	100
<i>Total Operating Cash Receipts</i>	<u>816,851</u>	<u>99,875</u>	<u>0</u>	<u>916,726</u>
Operating Cash Disbursements				
Personal Services	103,852	0	0	103,852
Employee Fringe Benefits	50,377	0	0	50,377
Contractual Services	201,662	0	0	201,662
Supplies and Materials	141,603	0	0	141,603
Other	2,690	98,660	0	101,350
<i>Total Operating Cash Disbursements</i>	<u>500,184</u>	<u>98,660</u>	<u>0</u>	<u>598,844</u>
<i>Operating Income</i>	<u>316,667</u>	<u>1,215</u>	<u>0</u>	<u>317,882</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	54,796	0	0	54,796
Sale of Notes	50,006	0	0	50,006
Other Debt Proceeds	197,767	0	0	197,767
Capital Outlay	(211,921)	0	0	(211,921)
Principal Retirement	(241,420)	0	0	(241,420)
Interest and Other Fiscal Charges	(44,529)	0	0	(44,529)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(195,301)</u>	<u>0</u>	<u>0</u>	<u>(195,301)</u>
<i>Income before Advances</i>	<u>121,366</u>	<u>1,215</u>	<u>0</u>	<u>122,581</u>
Advances In	62,084	0	0	62,084
Advances Out	(62,084)	0	0	(62,084)
<i>Net Change in Fund Cash Balances</i>	<u>121,366</u>	<u>1,215</u>	<u>0</u>	<u>122,581</u>
<i>Fund Cash Balances, January 1</i>	<u>174,815</u>	<u>3,866</u>	<u>1,250</u>	<u>179,931</u>
<i>Fund Cash Balances, December 31</i>	<u>\$296,181</u>	<u>\$5,081</u>	<u>\$1,250</u>	<u>\$302,512</u>

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

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

NOTE 1 – REPORTING ENTITY

The Village of Bridgeport (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including street lighting, park operations (leisure time activities), fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

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

The Village participates in the Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority, and the Eastern Ohio Regional Wastewater Authority, which are defined as jointly governed organizations. Note 10 to the financial statements provides additional information for these entities.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

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

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

B. *Fund Accounting*

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

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

1. *General Fund*

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

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax license money for constructing, maintaining, and repairing Village streets.

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

3. Capital Projects Funds

These funds account for receipts restricted or committed to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project fund:

International Packer Fund – This fund accounted for the loan proceeds used for the purchase of a new sanitation truck.

4. Enterprise Funds

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

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

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments, which are not available to support the Village's own programs. The Village's private purpose trust fund provides perpetual care for the Watson Lot at Weeks Cemetery. The Village's agency fund accounts for the transactions of the Village's Mayor's Court.

C. Budgetary Process

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

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

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

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 2014 and 2015 budgetary activity appears in Note 5.

D. *Deposits and Investments*

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village did not have any investments in 2014 and 2015.

E. *Capital Assets*

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

F. *Accumulated Leave*

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

G. *Fund Balance*

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

1. *Nonspendable*

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

2. *Restricted*

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

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

NOTE 3 - COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction, Maintenance, and Repair, and Water Operating funds' by \$341,393, \$3,503, and \$1,341,989 for the year ended December 31, 2015, respectively. Budgetary expenditures exceeded appropriation authority in the General, Street Construction, Maintenance, and Repair, and Water Operating funds' by \$70,728, \$27,491, and \$178,248 for the year ended December 31, 2014, respectively. Also contrary to Ohio law, at December 31, 2015, the Street Construction, Maintenance, and Repair fund had a cash deficit balance of \$24,563.

NOTE 4 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand Deposits	\$ 501,575	\$ 558,217
Money Market Deposit Accounts	446,097	93,062
Total Cash and Investments	\$ 947,672	\$ 651,279

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

NOTE 5 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014, are as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 574,066	\$ 1,109,757	\$ 535,691
Special Revenue	451,907	383,607	(68,300)
Capital Projects	100,000	100,180	180
Enterprise	765,611	2,315,954	1,550,343
Total	\$ 1,891,584	\$ 3,909,498	\$ 2,017,914

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 686,756	\$ 1,028,149	\$ (341,393)
Special Revenue	591,771	462,649	129,122
Capital Projects	254,782	100,000	154,782
Enterprise	840,533	2,162,543	(1,322,010)
Total	\$ 2,373,842	\$ 3,753,341	\$ (1,379,499)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 586,800	\$ 578,861	\$ (7,939)
Special Revenue	294,401	234,672	(59,729)
Enterprise	803,100	1,119,420	316,320
Total	\$ 1,684,301	\$ 1,932,953	\$ 248,652

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 743,329	\$ 814,057	\$ (70,728)
Special Revenue	286,280	250,474	35,806
Capital Projects	12,194	0	12,194
Enterprise	873,864	1,021,002	(147,138)
Total	\$ 1,915,667	\$ 2,085,533	\$ (169,866)

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

NOTE 6 – PROPERTY TAX

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

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

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

NOTE 7 - RISK MANAGEMENT

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective 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, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$17,000.

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

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$25,021	\$27,295

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.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

NOTE 8 – RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For January 2014 through June 2014, OP&F participants contributed 10.75% of their wages. For July 2014 through June 2015, participants contributed 11.5% of their wages and for July through December 2015 they contributed 12.25% of their wages. For 2014 and 2015 the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2014 and 2015 OPERS members contributed 10% of their gross salaries and the Village contributed 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Village of Bridgeport
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December 31, 2015 and 2014

NOTE 9 – DEBT

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
<u>Governmental Fund Obligations</u>		
General Obligation Notes	\$ 245,812	2.6%-2.76%
Police and Fire Pension Liability	32,277	4.25%
<i>Total Governmental</i>	\$ 278,089	
 <u>Enterprise Fund Obligations</u>		
General Obligation Notes	\$ 40,750	2.6%
Ohio Water Development Authority Loan 3456	1,355,470	1.50%
Ohio Water Development Authority Loan 6772*	811,771	1.49%-2.00%
Mortgage Revenue Bonds	203,000	5.00%
OPWC Kirkwood Heights Sewer Project	230,711	2.00%
<i>Total Enterprise</i>	\$ 2,641,702	
<i>Grand Total All Funds</i>	\$ 2,919,791	

*Amortization Schedule not completed as of 12/31/2015

The General Obligation Notes relate to the financing of refuse truck, and ambulance and various vehicles throughout the Village. These loans are payable in monthly or annual installments at annual percentage rates of 2.60% through 2.76%. The Village has pledged these assets as security for these loans.

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

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

In April 1978, the Village issued mortgage revenue bonds totaling \$1,270,000 and used the proceeds to improve its water system. The notes are being amortized over 40 years with annual installments of principal and interest. The loan is collateralized by water receipts.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

The Village's liability for past service costs related to the Police and Fireman's Pension Fund at December 31, 2015 was \$32,277, with scheduled principal and interest payments through the year 2031. Payments are made from property tax received into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$230,711 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Enterprise Debt Fund.

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

Year ending December 31:	OWDA	General Obligation Notes	Mortgage Revenue Bonds	Police and Fire Pension Liability	OPWC Kirkwood Heights Sewer Project	Total
2016	\$ 123,833	\$ 100,316	\$ 74,150	\$ 3,897	\$ 18,976	\$ 321,172
2017	123,833	75,460	73,950	3,897	18,976	296,116
2018	123,833	46,315	75,600	3,897	18,976	268,621
2019	123,833	45,853	0	3,897	18,976	192,559
2020	123,833	18,198	0	3,897	18,976	164,904
2021-2025	619,170	23,418	0	19,484	94,880	756,952
2026-2030	247,668	0	0	18,104	75,904	341,676
Total	\$ 1,486,003	\$ 309,560	\$ 223,700	\$ 57,073	\$ 265,664	\$ 2,342,000

At December 31, 2013 the Village had an outstanding line of credit with Citizens Bank in the amount of \$12,410, with payments of \$2,000 in principal and interest each month. During 2014, the Village paid it in full and closed the account.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

A. *Eastern Ohio Regional Transit Authority*

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2014 or 2015. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bridgeport is responsible.

B. *Bel-O-Mar Regional Council*

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

Village of Bridgeport
Belmont County, Ohio
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The Mayor of the Village of Bridgeport serves as the Village’s representative on the board. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2014 or 2015, the Village made no payments to Bel-O-Mar Regional Council.

C. Eastern Ohio Regional Wastewater Authority

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

NOTE 11 - FUND BALANCE

Fund balance can be 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 governmental funds.

The constraints placed on fund balances for governmental fund types as of December 31, 2015 are presented as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Restricted for:				
Road Maintenance and Improvements	\$ 0	\$ 33,310	\$ 0	\$ 33,310
Cemetery	0	43,226	0	43,226
Police and Fire Pension	0	12,567	0	12,567
Economic Development	0	1,716	0	1,716
Police Operations	0	2,317	0	2,317
Fire and Emergency Squad Operations	0	114,786	0	114,786
Capital Outlay	0	0	29,254	29,254
Total Restricted	<u>0</u>	<u>207,922</u>	<u>29,254</u>	<u>237,176</u>
 Unassigned	 <u>244,406</u>	 <u>(24,563)</u>	 <u>0</u>	 <u>219,843</u>
 <i>Total Fund Balance</i>	 <u><u>\$ 244,406</u></u>	 <u><u>\$ 183,359</u></u>	 <u><u>\$ 29,254</u></u>	 <u><u>\$ 457,019</u></u>

The constraints placed on fund balances for governmental fund types as of December 31, 2014 are presented as follows:

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

	General	Special Revenue	Capital Projects	Total
Restricted for:				
Road Maintenance and Improvements	\$ 0	\$ 129,202	\$ 0	\$ 129,202
Cemetery	0	43,001	0	43,001
Police and Fire Pension	0	10,911	0	10,911
Economic Development	0	1,716	0	1,716
Police Operations	0	4,132	0	4,132
Fire and Emergency Squad Operations	0	51,673	0	51,673
Capital Outlay	0	0	29,074	29,074
Total Restricted	0	240,635	29,074	269,709
Assigned for:				
Subsequent Year Appropriations	79,058	0	0	79,058
Total Assigned	79,058	0	0	79,058
<i>Total Fund Balance</i>	<u><u>\$ 79,058</u></u>	<u><u>\$ 240,635</u></u>	<u><u>\$ 29,074</u></u>	<u><u>\$ 348,767</u></u>

NOTE 12 - ENCUMBRANCE COMMITMENTS

Outstanding encumbrances include the following amounts for the years ending December 31, 2015 and 2014:

	12/31/2015 Amount	12/31/2014 Amount
General	83,740	\$ 37,335
Special Revenue	21,766	5,207
Capital Projects	0	0
Enterprise	39,858	22,948
<i>Totals</i>	<u><u>\$ 145,364</u></u>	<u><u>\$ 65,490</u></u>

NOTE 13 – CONTINGENT LIABILITIES

The Village is defendant in a lawsuit filed by the Ohio Water Development Authority (OWDA) as the Village is currently in default on debt principal and interest payments owed to OWDA for amounts loaned to the Village. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter could adversely affect the Village's financial condition. Additionally, Local Government Services is conducting a fiscal analysis of the Village's financial condition to determine whether or not the Village qualifies for any type of fiscal distress.

Village of Bridgeport
Belmont County, Ohio
Notes to the Basic Financial Statements
December 31, 2015 and 2014

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

NOTE 14 – SUBSEQUENT EVENTS

1. On February 1, 2017 the Village entered into a 7 year Promissory Note in the amount of \$45,790 through the First National Bank of Pennsylvania at a rate of 3.040% per annum for the purchase of a 2016 GMC Sierra.
2. On May 20, 2016 the Village entered into a 5 year Promissory Note in the amount of \$60,250 through Wesbanco Bank, Inc. at a rate of 2.100% per annum to assist the water department with outstanding debts. The loan is collateralized by a \$60,000 Certificate of Deposit.
3. On February 15, 2018 the Village Council approved to increase the sewer fees for the Village to \$10.50 per month, which is an increase of nearly \$1 per month, which was effective April 1, 2018. Also, on September 11, 2018 the Board of Public Affairs approved a 20% rate increase for water customers, which was effective October 1, 2018.



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 Bridgeport
Belmont County
301 Main Street
Bridgeport, Ohio 43912

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 Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 28, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted in 2007, the General Fund received \$27,000 in allocations from the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively. There was no support for these allocations and due to the impact this adjustment would have on the General Fund, the Village has declined to make this adjustment in the prior years, as well as in this audit period.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of 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. We consider findings 2015-004, 2015-005 and 2015-008 through 2015-010 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-011 described in the accompanying Schedule of Findings to be a significant deficiency.

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 matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-001 through 2015-007.

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 audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2018

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Finding for Recovery – Fiscal Officer Payroll

The former Fiscal Officer, Agnes Hess, was employed by the Village on February 10, 2014 per Village Ordinance 2014-02. The Ordinance indicated her probation period was to be 45 days or end on April 1, 2014, whichever occurred first; therefore, her probationary period was determined to end on March 26, 2014. The Ordinance also set her hourly rate at \$10 per hour. Village Ordinance 2014-20 was approved on July 15, 2014 to increase the Fiscal Officer's hours to 40 hours per week retroactive to April 1, 2014. On April 21, 2015, Village Council passed a motion to increase all salaried and hourly employee wages by \$1 per hour effective April 20, 2015, which included the Fiscal Officer. The Fiscal Officer's new rate of pay was increased to \$11 per hour commencing on April 20, 2015. Holiday pay was governed by Village Ordinance 2006-08, which only allows holiday pay to be paid six months after an employee began working for the Village.

In 2015, the Fiscal Officer received unsupported overtime compensation, although there was no evidence of pre-approval of this overtime by a supervisor as required by Village Ordinance 2014-27, which resulted in an overpayment of \$8,316. In 2014, during her probationary period the Fiscal Officer received compensation for hours in excess of the 24 hours per week established in Village Ordinance 2014-02. Also, the Fiscal Officer received holiday pay during her probationary period, which was not in accordance with Village Ordinance 2006-08. These items resulted in an overpayment of \$392. In addition, in 2014, the Fiscal Officer received unsupported overtime compensation, although there was no evidence of pre-approval of this overtime by a supervisor as required by Village Ordinance 2014-27, which resulted in an overpayment of \$3,180.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Agnes Hess, former Village of Bridgeport Fiscal Officer, and her bonding company, the Western Surety Company, in the amount of \$11,888 and in favor of the Village of Bridgeport's General Fund.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2015-002

Finding for Recovery – Supporting Documentation

Ohio Rev. Code § 149.43(B) states in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During 2015 and 2014, the former Fiscal Officer, Agnes Hess, reimbursed herself for certain expenses she incurred personally on-behalf of the Village, in the aggregate amount of \$6 and \$941, respectively; however, the voucher packet, which normally contains an invoice or other documentation to support the expenditure, could not be located or it did not contain enough information to show that the former fiscal officer personally paid for the items. Without the appropriate documentation, it was not possible to determine if the expenditures included items that would not be considered a proper public purpose.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-002
(Continued)**

Finding for Recovery – Supporting Documentation (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Agnes Hess, former Village of Bridgeport Fiscal Officer and her bonding company, the Western Surety Company, in the amount of \$947 and in favor of the Village of Bridgeport's General Fund.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2015-003

Finding For Recovery – Late Fees and Penalties

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The law requires that employers withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See *United States v. Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008). In addition, under Ohio law, employers are required to withhold state income taxes and school district income taxes from employees' wages and transmit the funds to the state. See Ohio Rev. Code §§ 5747.06 and 5747.07. Under Ohio Rev. Code § 5747.07(E)(2), each employer required to withhold any tax is liable for the payment of the amount required to be withheld and the amount shall be deemed to be a special fund in trust for the general revenue fund.

As Fiscal Officer, Agnes Hess was the official responsible for withholding and remitting the required income taxes from Village employee earnings. During the audit period, Mrs. Hess withheld, as required, federal income tax, Medicare, and state income tax from the earnings of each Village employee. However, Mrs. Hess failed to transmit all required funds to the appropriate agency, a gross neglect of duty amounting to reckless disregard for the Village. As a result, the Village incurred penalties, late fees, and interest from the federal government and the State of Ohio. Specifically, the total amount of penalties and interest paid by the Village to the federal government is \$7,745. The Village paid the State of Ohio penalties, late fees, and interest totaling \$1,778.

The penalties, late fees, and interest paid by the Village serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-003
(Continued)**

Finding For Recovery – Late Fees and Penalties (Continued)

In accordance with the foregoing facts and authorities, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money that has been illegally expended for failure to remit withheld income taxes resulting in penalties, late fees, and interest assessed against the Village is hereby issued against Agnes Hess, former Village Fiscal Officer, in the amount of \$9,523 and in favor of the Village's General Fund. Further, Mrs. Hess's bonding company, the Western Surety Company, will be jointly and severally liable in the total amount of \$9,523 in favor of the Village's General Fund.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2015-004

Noncompliance, Finding for Adjustment and Material Weakness

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established.

A municipality may lawfully pay into its general fund from the revenues of its waterworks, and sewer rentals, as a part of the cost of operation of such utility, a reasonable portion of the expenses of the general administrative offices and departments of the municipality which in any way contribute to the operation of such waterworks. 1952 Op. Atty. Gen. No. 1533; See also Ohio Rev. Code §§ 729.52, 743.05, 743.06. A reasonable cost allocation plan must be developed and adhered to.

In 2007, the General Fund received \$27,000 in allocations from the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively. This allocation of monies was for administrative costs incurred on-behalf of the above noted departments, however, there was no support for the chargebacks through a formal cost allocation plan, nor was there any other support for the allocation methodology. The amounts charged were based on estimates/averages rather than actual amounts. Although the Village had approved a cost allocation plan, it was not reasonable and the actual allocations made to the General Fund did not adhere to the Village's plan.

The Village failed to post adjustments to the Village records based on the citations in the 2006-2007, 2008-2009, 2010-2011, and 2012-2013 audits. Therefore, the amounts cited in the previous findings for adjustment are being carried forward to the current audit period. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund for \$27,000 in favor of the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively.

Officials' Response: The Village will make sure that these adjustments are not only reauthorized but also posted.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) states, 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. Further, Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes of which such fund is established.

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

During 2015, the following adjustments were noted:

- A Permissive License Tax Fee payment received from the County Auditor in the amount of \$68,227 and related paving expenditures in the amount of \$69,800 were improperly posted to the General Fund and should have been posted to the Permissive MVL Fund.
- Local Government monies in the amount of \$5,802 were improperly posted to the Street Fund, rather than the General Fund.
- The March 2015 State and Local Government Highway Distribution in the amount of \$1,934 was improperly posted to the Emergency Squad Fund rather than the Street and State Highway Funds in the amounts of \$1,789 and \$145, respectively.
- Grant proceeds and expenditures in the amount of \$9,066 were improperly posted to the General Fund, rather than the Fire Fund.
- An expenditure for a firefighters insurance policy in the amount of \$3,675 was improperly charged to the General Fund, rather than being charged to the Fire & EMS Fund.
- An expenditure for a Village insurance policy in the amount of \$27,295 was improperly charged to the Police Disability and Pension Fund, rather than being allocated between the General Fund (\$15,915), Street Fund (\$3,165), Fire & EMS Fund (\$646) and Water Operating Fund (\$7,569).
- An expenditure for a water project in the amount of \$10,587 was improperly charged to the Enterprise Debt Service Fund, rather than being charged to the Water Operating Fund.
- Mayor's Court revenue in the amount of \$4,874 was improperly posted to the Street Fund and should have been posted to the General Fund.
- A debt payment totaling \$80,403 was posted to the General Fund rather than the Water Operating Fund.
- An Ohio Police and Fire Pension loan payment totaling \$3,897 was paid from the General Fund rather than the Police Disability and Pension Fund.
- A debt payment totaling \$4,000 was posted to the Water Operating Fund rather than Street Fund.
- OPWC loan payment totaling \$18,976 was paid from the Sewer Operating Fund rather than the Enterprise Debt Service Fund.
- Fines, Licenses and Permits revenue in the amount of \$85,997 and Other Expenses in the amount of \$91,125 were not recorded for the Mayor's Court Agency Fund.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-005
(Continued)**

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

During 2014, the following adjustments were noted:

- Gasoline tax payments received from the State totaling \$16,405 were improperly posted to the General Fund, rather than being allocated to the Street and State Highway Funds in the amounts of \$15,175 and \$1,230, respectively.
- Motor Vehicle License tax payments received from the County totaling \$8,869 were improperly posted to the General Fund, rather than being allocated to the Street and State Highway Funds in the amounts of \$8,204 and \$665, respectively.
- A Workers' Compensation premium refund in the amount of \$5,071 was improperly posted to the Fire and EMS Fund, rather than the General Fund.
- A portion of the License Tax Fee received from the County Engineer in the amount of \$471 was improperly posted to the State Highway Fund, rather than the Street Fund.
- An expenditure for water plant chemicals in the amount of \$2,577 was improperly charged against the General Fund, rather than the Water Operating Fund.
- An expenditure for a firefighters package insurance policy in the amount of \$4,251 was improperly charged to the General Fund, rather than being charged to the Fire & EMS Fund.
- An expenditure for a mower in the amount of \$9,731 was improperly charged to the Cemetery - Weeks Perpetual Care Fund, rather than being charged to the Cemetery Fund.
- Ohio Police and Fire Pension loan payment totaling \$3,897 was paid from the General Fund rather than the Police Disability and Pension Fund.
- OPWC loan payment totaling \$18,976 was paid from the Sewer Operating Fund rather than the Enterprise Debt Service Fund.
- Fines, Licenses and Permits revenue in the amount of \$99,875 and Other Expenses in the amount of \$98,660 were not recorded for the Mayor's Court Agency Fund.
- Loan proceeds and related expenditures in the amount of \$1,092 were not posted to the Water Operating Fund.
- A fire marshal grant in the amount of \$10,000 and the related expenditure was not recorded in the Fire and EMS Fund.

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

The Village should be diligent in assuring all monies received and expended are properly posted to the correct fund.

Officials' Response: The Village will see to it that all funds received and expended are properly posted to the correct fund.

FINDING NUMBER 2015-006

Noncompliance

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund shall be used only for the purpose for which such fund was established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-006
(Continued)**

Noncompliance – Ohio Rev. Code § 5705.10(I) (Continued)

At December 31, 2015, the Village's Street Fund had a deficit balance of \$24,563.

The Village should implement procedures to ensure expenditures do not exceed available resources, thus avoiding negative fund balance situations.

Officials' Response: The Village will enact procedures to ensure that expenditures do not exceed available resources.

FINDING NUMBER 2015-007

Noncompliance

Ohio Rev. Code § 5705.41(B) states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

During 2015, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Variance
General	\$686,756	\$1,028,149	(\$341,393)
Street	289,916	293,419	(3,503)
Water Operating	672,315	2,014,304	(1,341,989)

During 2014, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Variance
General	\$743,329	\$814,057	(\$70,728)
Street	99,492	126,983	(27,491)
Water Operating	785,535	963,783	(178,248)

Failure to limit expenditures within approved appropriations could result in the Village overspending.

The Village should regularly monitor appropriations and expenditures and, if necessary, file amendments with the County Auditor to ensure that expenditures from each fund do not exceed the total appropriations. This will help to reduce the risk of disbursements exceeding appropriations and will add a measure of control over the Village's budgetary process.

Officials' Response: The Village will monitor all appropriations and expenditures to ensure that expenditures do not exceed any appropriation in any fund.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-008

Material Weakness

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. When designing the public office's system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and periodically (at least monthly) reconcile them to the accounting records.

Cash reconciliations are a valuable tool for ensuring the accuracy and completeness of the Village's accounting records.

During the audit period, the Fiscal Officer did not complete accurate monthly reconciliations between the Village accounting records and bank balances. The outstanding check list as of 12/31/15 reflected several checks that had been outstanding in excess of one year. The outstanding check lists as of 12/31/15 and 12/31/14 also originally included checks that were not outstanding as of 12/31/15 and 12/31/14, respectively. As a result, reconciliation difficulties for the Village occurred and an independent public accounting firm (IPA) had to be hired to correct the reconciliation. The IPA posted over \$278,000 of corrections to the outstanding check list at 12/31/15.

The Fiscal Officer should reconcile the fund balances with the bank balances monthly and any differences should be documented and investigated. The Village should also implement procedures for the review / approval of the reconciliations and supporting documents. Such procedures will help ensure the Village's accounting records accurately reflect the financial position of the Village.

Officials' Response: The Village will see to it that all bank reconciliations are done monthly and properly reviewed.

FINDING NUMBER 2015-009

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source and classify disbursements by fund, program and object. Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare accurate 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, expenditure, and fund balance account postings.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-009
(Continued)**

Material Weakness (Continued)

The Village did not always accurately classify receipts, disbursements, and fund balance in 2015 as noted below:

- Additional sewer fee revenues totaling \$28,502 were improperly classified as Special Assessment revenue in the Enterprise Debt Service Fund and should have been Charges for Services revenue.
- An expenditure for a new dump truck in the amount of \$62,918 was improperly classified as General Government in the Street Fund and should have been Capital Outlay.
- Various road expenditures totaling \$59,629 were improperly classified as General Government in the Street Fund and should have been Transportation.
- A portion of debt payments totaling \$1,122 were improperly classified as Debt Service-Interest and General Government line items rather than Debt Service-Principal in the General Fund.
- An expenditure totaling \$20,634 was classified as Debt Service-Interest rather than Capital Outlay in the General Fund.
- Debt payments totaling \$62,076 were classified as Other Financing Uses rather than being allocated to the Debt Service-Principal and Interest line items in the amounts of \$51,144 and \$10,932, respectively, in the Water Operating Fund.
- Debt proceeds in the amounts of \$25,003 in the Water Operating Fund and \$25,003 in the Sewer Operating Fund were posted in 2015 and should have been posted in 2014.
- OWDA loan proceeds totaling \$5,416 were miss-posted to Miscellaneous rather than Other Debt Proceeds in the Water Operating Fund.
- Cable franchise fees in the amount of \$15,519 and advertising fees in the amount of \$7,200 were improperly posted to Miscellaneous rather than Fines, Licenses, and Permits in the General Fund.
- Certain revenues in the Emergency Squad Fund in the amount of \$10,163 were posted to Charges for Services, but should have been posted to Other Financing Sources.
- A bank account transfer in the amount of \$40,000 was improperly posted to the General Fund as an expenditure and to the Street Fund as a receipt.
- The year-end Street Fund balance of \$24,563 was improperly classified as restricted rather than unassigned (deficit).

The Village did not always accurately classify receipts, disbursements, and fund balance in 2014 as noted below:

- Additional sewer fee revenues totaling \$29,292 were improperly classified as special assessment revenue in the Enterprise Debt Service Fund and should have been Charges for Services revenue.
- Note proceeds totaling \$25,003 in the Water Operating Fund and \$25,003 in the Sewer Operating Fund were posted in the wrong year (2015).
- Debt payments in the Water Operating Fund totaling \$1,919 were posted to Supplies and Materials, but should have been posted to Debt Service-Principal and Debt Service-Interest in the amounts of \$1,757 and \$162, respectively.
- The year-end General Fund balance of \$79,058 was improperly classified as unassigned, rather than assigned.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-009
(Continued)**

Material Weakness (Continued)

- A bank account transfer in the amount of \$5,000 was improperly posted to the General Fund as an expenditure and to the Street Fund as a receipt.
- Receipts in the amount of \$5,790 were posted to Charges for Services in the Emergency Squad Fund, rather than Other Financing Sources.
- Insurance proceeds in the amount of \$12,472 were improperly classified as Miscellaneous rather than Other Financing Sources in the General Fund.

These reclassifications, to which Village management agrees, are reflected in the accompanying financial statements.

Additionally, the following errors were noted that were not deemed significant and are not reflected in the accompanying financial statements:

In 2015 a portion of the year-end General Fund balance totaling \$9,012 was improperly classified as unassigned, rather than assigned.

The Fiscal Officer did not always accurately classify receipts and disbursements in 2014:

- A reimbursement totaling \$6,520 was improperly classified as Miscellaneous in the General Fund and should have been Intergovernmental.
- Expenditures totaling \$5,192 were improperly paid from General Government in the Street Fund, rather than Transportation.
- An expenditure totaling \$4,290 was improperly paid from Contractual Services in the Water Operating Fund, rather than Capital Outlay.

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 utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions and fund balance. This guidance will aid the Fiscal Officer in properly classifying receipts and expenditures based on the source of the receipt and purpose of the expenditure.

Officials' Response: The Village will use all available materials to properly classify and record all receipt and expenditure transactions and fund balances.

FINDING NUMBER 2015-010

Material Weakness

The Village should have internal controls in place to reasonably assure that budgetary accounts are accurately input into the Uniform Accounting Network (UAN) system.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-010
(Continued)**

Material Weakness (Continued)

The Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system.

The following variances occurred in 2015:

Fund	Amount per Original and Amended Certificates	Amount posted to the accounting system (UAN)	Variance
General	\$574,066	\$663,521	\$89,455
Street	232,977	230,977	(2,000)
Water Operating	675,143	765,943	90,800

Fund	Amount per Appropriation Resolution and Approved Amendments	Amount posted to the accounting system (UAN)	Variance
General	\$649,422	\$820,676	\$171,254
Water Operating	649,668	763,461	113,793

The adjustments to the budgetary amounts, to which Village management agrees, are reflected in Note 5 to the financial statements.

The Fiscal Officer should record estimated receipts per the Amended Official Certificate of Estimated Resources and appropriations per the Appropriation Resolution, as well as all amendments into the Village's accounting system. In addition, the Fiscal Officer should periodically present budget versus actual results to Village Council.

As part of their monitoring responsibilities, Council should review this information and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenues or appropriations.

Officials' Response: The Village will make sure that the estimated receipts are recorded per the amended official certificate of estimated resources, per the appropriation resolution. The Village will also request that periodic reports of budget vs actual results are presented to council for their review.

FINDING NUMBER 2015-011

Significant Deficiency

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-011
(Continued)**

Significant Deficiency (Continued)

During 2015, the Village did not maintain supporting documentation for 12% of tested expenditures. In addition, supporting documentation for reimbursements to the Fiscal Officer, such as invoices or documentation indicating that the Fiscal Officer paid for the expenditure out of her own personal account, was not maintained or provided for 25% of tested reimbursement expenditures for the Fiscal Officer.

During 2014, the Village did not maintain supporting documentation for 20% of tested expenditures. In addition, supporting documentation for reimbursements to the Fiscal Officer, such as invoices or documentation indicating that the Fiscal Officer paid for the expenditure out of her own personal account, was not maintained or provided for 43% of tested reimbursement expenditures for the Fiscal Officer.

The Village should ensure that there is a voucher packet containing appropriate documentation to support each expenditure made by the Village. In addition, the Village should ensure that all reimbursements are supported by the proper documentation that indicates that the expenditure was paid for by the individual requesting reimbursement.

Officials' Response: The Village will make sure that proper documentation is present and kept with each expenditure and reimbursement, to support each of the same.

Village of Bridgeport
Mayor's Office
301 Main Street
Bridgeport, OH 43912

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material Weakness- Receipts/Expenditures not always posted to accurate classification.	Not Corrected.	Reissued see Finding No. 2015-009.
2013-002	Finding for Adjustment/Material Weakness – Uncorrected finding for adjustment from prior years for unsupported cost allocation.	Not Corrected.	Reissued see Finding No. 2015-004.
2013-003	Noncompliance/Material Weakness – Excess payments to Council members resulted in findings for recovery against them.	Fully Corrected.	N/A



Dave Yost • Auditor of State

VILLAGE OF BRIDGEPORT

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
DECEMBER 11, 2018