

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

AUDIT REPORT

JANUARY 1, 2019 - DECEMBER 31, 2019



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Village Council
Village of Bellaire
3197 Belmont Street
Bellaire, Ohio 43904

We have reviewed the *Independent Auditor's Report* of the Village of Bellaire, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY – LETF Funds

Ohio Rev. Code § 2981.13(C)(1) states, in part, that a Law Enforcement Trust Fund [LETF] must be established by each County Sheriff, township, municipal corporation, park district to review proceeds from the sale of forfeited property and contraband seized during law enforcement activities.

Ohio Rev. Code § 2981.13(C)(2)(a) requires, in part, an internal control policy relating to proceeds and forfeited money. The policy should address the use and disposition of all the proceeds and forfeited money's, the general type of expenditures to be made out of the proceeds and forfeited moneys received, and records to be maintained.

Ohio Rev. Code § 2981.11(B)(1) states, in part, each law enforcement agency that has custody of any property that is subject to this section shall adopt and comply with a written internal control policy. The policy should provide for keeping detailed records to the amount of property acquired by the agency and the date the property was acquired. In addition, the policy should provide for keeping detailed records of the disposition of the property, which shall include, but not be limited to the manner in which it was disposed, the date of disposition, detailed financial records concerned any property sold, and the name of the any person who received the property as well as an itemized list of the specific expenditures made with amounts that are gained from the sale of the property and that are retained by the agency, including the specific amount

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expended on each expenditure, except the policy shall not provide for or permit the identification of any specific expenditure that is made in an ongoing investigation.

Ohio Rev. Code § 2981.11(B)(2) provides, in part, that any law enforcement agency that receives or uses any proceeds for forfeited monies out of a law enforcement trust fund under Ohio Revised Code Section 2981.13 shall maintain records kept under the internal control policy of the agency which shall be open to public inspection during the agency's regular business hours.

The Village's Police Department conducts undercover drug buys utilizing the Village's LETF monies as part of working assigned cases. A Village police officer is responsible for maintaining a log of the LETF monies received and spent on individual undercover drug buys as well as a written summary detailing the drug buy. In addition, a Village police officer maintains an Evidence Submission Sheet to the Ohio Attorney General's Office and a Laboratory Report from the Ohio Attorney General's Office as proof that undercover drugs were purchased and submitted for analysis.

Prior to becoming the Village's current Police Chief, Richard Flanagan was a Lieutenant in the Police Department and was responsible for completing undercover drug buys by utilizing the Village's LETF monies. Chief Flanagan was named Acting Police Chief on November 30, 2017 and was appointed Police Chief on May 30, 2018. During the period July 2006 through December 2013, the Village issued checks payable to Chief Flanagan, who then cashed the checks to use for various undercover drug buys and other miscellaneous law enforcement expenditures. Similarly, Michael Wheeler was a Patrolman in the Police Department and was responsible for completing undercover drug buys by utilizing the Village's LETF monies. Patrolman Wheeler was hired by the Village Police Department in July 2011 but is no longer employed by the Village. During the period December 2013 through June 2015, Patrolman Wheeler used Village LETF monies for various undercover drug buys and other miscellaneous law enforcement expenditures. However, the Village does not have clear internal control procedures or policies in place regarding undercover drug buys or expenditures that can be made from the LETF funds.

We noted undercover drug buys and other miscellaneous law enforcements expenditures either did not have supporting documentation to substantiate the purchase or did not have sufficient documentation to support the purpose or amount of the expenditure, as follows:

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	Police Chief Flanagan	Former Patrolman Wheeler
# unsupported expenditures	103	33
\$ unsupported expenditures	\$9,484	\$4,025
#purpose/amount undetermined	59	16
\$purpose/amount undetermined	\$6,119	\$3,810
Total improper expenditures	\$15,603	\$7,835

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Richard Flanagan in the amount of \$15,603 and Michael Wheeler in the amount of \$7,835, both in favor of the Village’s Law Enforcement Trust Fund.

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



Keith Faber
 Auditor of State
 Columbus, Ohio

November 12, 2020

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**VILLAGE OF BELLAIRE
BELMONT COUNTY
JANUARY 1, 2019 - DECEMBER 31, 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Bellaire
Belmont County
3197 Belmont Street
Bellaire, Ohio 43906

To the Honorable Mayor and Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Bellaire, Belmont County, as of and for the year ended December 31, 2019.

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 Section 117.38 and Ohio Administrative Code Section 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 opinion.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States (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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 Village of Bellaire, Belmont County as of December 31, 2019 or changes in financial position or cash flows thereof for the year 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 the related notes of Village of Bellaire, Belmont County as of December 31, 2019 for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 18, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2020, on our consideration of Village of Bellaire'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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 28, 2020

Village of Bellaire
Belmont County
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance -
All Governmental Fund Types
For The Year Ended December 31, 2019

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Income Taxes	\$ 901,100	\$ -	\$ -	\$ 901,100
Property Taxes	82,566	49,955	-	132,521
Charges for Services	117,658	26,232	-	143,890
Fines, Licenses and Permits	75,985	23,797	-	99,782
Intergovernmental	203,674	270,204	-	473,878
Interest	23,132	1,066	-	24,198
Rent	3,250	-	37,111	40,361
Contributions and Donations	1,116	-	-	1,116
Other Local Taxes	-	33,816	-	33,816
Other	34,200	3,552	-	37,752
Total Cash Receipts	1,442,681	408,622	37,111	1,888,414
Cash Disbursements:				
Current:				
General Government	530,609	-	-	530,609
Security of Person and Property	708,112	7,478	-	715,590
Community Environment	-	2,890	-	2,890
Transportation	-	230,606	-	230,606
Capital Outlay	-	37,610	13,022	50,632
Debt Service:				
Principal Retirements	46,714	26,182	-	72,896
Interest and Fiscal Charges	14,296	10,148	-	24,444
Total Cash Disbursements	1,299,731	314,914	13,022	1,627,667
Excess of cash Receipts Over (Under)				
Cash Disbursements	142,950	93,708	24,089	260,747
Other Financing Receipts (Disbursements)				
Proceeds of Loans	-	37,610	-	37,610
Transfers Out	(122,987)	-	-	(122,987)
Total Other Financing Receipts (Disbursements)	(122,987)	37,610	-	(85,377)
Net Change in Fund Cash Balance	19,963	131,318	24,089	175,370
Fund Cash Balance, January 1	631,512	361,833	173,665	1,167,010
Fund Cash Balances, December 31;				
Nonspendable	15,556	-	-	15,556
Restricted	-	493,151	-	493,151
Committed	-	-	197,754	197,754
Assigned	412,574	-	-	412,574
Unassigned	223,345	-	-	223,345
Fund Cash Balance, December	\$ 651,475	\$ 493,151	\$ 197,754	\$ 1,342,380

See notes to financial statements.

Village of Bellaire
Belmont County
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance -
All Proprietary and Fiduciary Fund Types
For The Year Ended December 31, 2019

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 2,075,453	\$ 453,763	\$ -	\$ 2,529,216
Other	49,749	-	-	49,749
Total Operating Cash Receipts	2,125,202	453,763	-	2,578,965
Operating Cash Disbursements:				
Personal Services	993,729	-	-	993,729
Contractual Services	449,053	136,008	-	585,061
Material and Supplies	378,552	-	-	378,552
Claims	-	271,372	-	271,372
Capital Outlay	475,452	-	-	475,452
Other	9,515	-	-	9,515
Total Operating Cash Disbursements	2,306,301	407,380	-	2,713,681
Operating Income (Loss)	(181,099)	46,383	-	(134,716)
Non-Operating Cash Receipts:				
Other Non-Operating Cash Receipts	215	-	74,686	74,901
Proceeds from OWDA Loans	294,355	-	-	294,355
Proceeds from Loans	162,390	-	-	162,390
Interest	-	1,444	-	1,444
Total Non-Operating Cash Receipts:	456,960	1,444	74,686	533,090
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	-	-	37,267	37,267
Principal Retirement	71,909	-	-	71,909
Interest and Fiscal Charges	12,808	-	-	12,808
Total Non-Operating Cash Disbursements:	84,717	-	37,267	121,984
Income ((Loss) Before Transfers	191,144	47,827	37,419	276,390
Transfers In	122,987	-	-	122,987
Net Change in Fund Cash Balance	314,131	47,827	37,419	399,377
Fund Cash Balance, January 1	638,674	89,062	18,267	746,003
Fund Cash Balance, December 31	\$ 952,805	\$ 136,889	\$ 55,686	\$ 1,145,380

See notes to financial statements.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bellaire (the Village) is a body politic, incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the laws of the state of Ohio. The Village is located in Belmont County, in Southeastern Ohio, on the Ohio River. Bellaire was incorporated as a village in 1860. The Village was established as a statutory municipal corporation in 1873. Bellaire has a land area of 1.9 square miles and a 2010 census population of 4,278. A publicly-elected six-member Council governs the Village. The Village provides water, sewer and sanitation utilities, maintenance of Village Streets, recreation, fire and emergency medical services, and police services. The Village contracts with the Neff's Volunteer Fire Department to provide fire protection and emergency medical services. The Village is involved with the Eastern Ohio Regional Transit Authority, Ohio Mid-Eastern Governments Association (OMEGA), Jefferson-Belmont Joint Solid Waste Authority, Bel-O-Mar Regional Council, and the Eastern Ohio Regional Wastewater Authority (EORWA), which are defined as jointly governed organizations. The Village also participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Notes 6 and 13 to the financial statements provide additional information for these entities. The Village also, participates in a claims servicing pool, the Jefferson Health Plan which is presented in Note 14.

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

B. Accounting Basis

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.

C. 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 2019.

D. Fund Accounting

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

General Fund

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

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:

Commerce Park Fund – This fund accounts for property rental fees charged to businesses located on Village owned property.

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 – This fund accounts for the provision of water service to the residents and commercial users within the Village.

Sanitation Fund – This fund accounts for the provision of sanitation services to the residents and commercial users located within the Village.

Internal Service Fund

This fund accounts for services provided by one department to other departments of the governmental unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Agency Funds

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, organization or other government. The Village's agency funds account for the financial activity of the Mayor's Court and fire bonds.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 2019 budgetary activity appears in Note 3.

F. 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 BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in 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.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. 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, 2019 was as follows:

	2019
Demand Deposits	\$ 2,350,646
Total Deposits	\$ 2,350,646

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

Cash on Hand: At year end, the Village had \$225 in un-deposited cash on hand which is included as part of the Village's fund balances

Cash with Fiscal Agent: The Village participates in the Jefferson Health Plan Health Benefits Consortium. The Village has \$136,889 internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

3. BUDGETARY ACTIVITY

Budgetary Activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,441,395	\$ 1,442,681	\$ 1,286
Special Revenue	375,473	446,232	70,759
Capital Projects	24,000	37,111	13,111
Enterprise	2,642,743	2,705,149	62,406
Internal Service	-	455,207	455,207
Total	\$ 4,483,611	\$ 5,086,380	\$ 602,769

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,811,010	\$ 1,752,297	\$ 58,713
Special Revenue	343,007	314,914	28,093
Capital Projects	20,022	13,022	7,000
Enterprise	2,580,473	2,621,433	(40,960)
Internal Service	-	407,380	(407,380)
Total	\$ 4,754,512	\$ 5,109,046	\$ (354,534)

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

Contrary to ORC 5705.41(B), the Water fund had expenditures greater than appropriations.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. 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.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% on substantially all income earned within the Village. In addition, the residents of the Village are required to pay income tax on income earned outside the Village; however, the Village allows a credit for income taxes paid to another municipality up to 100% of the Village's current tax rate.

Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

6. RISK MANAGEMENT

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

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

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

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. SELF INSURANCE

The Village is also self-insured for employee health insurance. The Self Insurance fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance fund cash and investments to the actuarially-measured liability as of December follows:

	<u>2019</u>
Cash and Investments	\$ 136,889
Actuarial liabilities	-

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 2019, OP&F participants contributed 12.25% of their wages. For 2019, the Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. For 2019, OPERS members contributed 10.00% of their gross salaries and the Village contributed an amount equaling 14.00% of participant' gross salaries. The Village has paid all contributions required through December 31, 2019.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2018. OP&F contributes .05% to fund these benefits.

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	2019 Principal	Interest Rate
<u>Enterprise Fund Obligations</u>		
<i>General Obligation Bonds:</i>		
Sanitary Sewer Bond	\$ 164,200	5.00%
OWDA Loan - Brooksrn	141,846	0.00%
OWDA Loan – Water Intake	975,312	0.00%
OWDA Loan – Water Plant Upgrade	903,010	3.00%
Valve Maintenance Trailer Loan	24,857	4.95%
USDA Loan	162,390	3.79%
Total Enterprise Fund Obligations	2,371,615	
<u>Governmental Fund Obligations</u>		
Police & Fire Pension	239,858	4.25%
Roof Loan	90,085	5.50%
USDA Loan	37,610	3.79%
<i>Capital Leases:</i>		
Fire Truck Lease	230,447	3.37%
Total Governmental Fund Obligations	598,000	
Total	\$ 2,969,615	

The Enterprise Fund obligations (general obligation bonds, OWDA loans and Valve Maintenance Trailer Loan) will be paid from revenues derived from charges for services in the enterprise funds. The police and fire pension liability will be paid from property tax revenues from the Police Pension and Fire Pension Special Revenue Funds. The roof loan will be paid from the property tax revenue collected for the General Fund. The USDA loan will be paid from street maintenance, sanitation and water funds.

The capital lease obligation for the fire truck will be paid from the General Fund and Fire Levy special revenue fund.

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

Year Ending December 31;	Governmental Funds	
	Police and Fire Pension	Roof Loan
2020	\$ 21,330	\$ 14,263
2021	21,330	14,263
2022	21,330	14,263
2023	21,330	14,263
2024	21,330	14,263
2025-2029	106,649	39,434
2030-2034	106,649	-
2035-2039	9,701	-
Total	\$ 329,649	110,749

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

Year Ending December 31;	Enterprise Funds		
	General		Valve
	Obligation Bonds	OWDA Loans	Maintenance Trailer
2020	\$ 23,110	\$ 53,715	\$ 4,227
2021	23,065	53,715	4,227
2022	23,085	53,715	4,227
2023	23,065	53,715	4,227
2024	23,105	53,715	4,227
2025-2029	92,500	268,575	8,252
2030-2034	-	268,575	-
2035-2039	-	268,575	-
2040-2044	-	42,861	-
Total	\$ 207,930	\$ 1,117,158	\$ 29,387

During 2009, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$973,291 to the Village for the Brooks Run Waterline Replacement project. Of this amount, \$644,000 in principal was forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which left \$329,291 to be the total amount financed by the Village. The Village is repaying the 0% interest loan in semi-annual installments. The \$148,444 is the total principal outstanding on this loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The waterline replacement project was completed in 2012.

During 2012, the Village borrowed \$75,000 at an interest rate of 4.865% in order to purchase a 2012 International Packer for use in the sanitation department. The first payment was made in January 2012 and the loan matured on December 22, 2018. The loan payments were made from the sanitation fund.

During 2013, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$2,341,172 to the village for the Water Intake project. Of this amount, \$927,656 in principal was forgiven through assistance from funding through the OWDA Water Supply Revolving Loan Account. During 2013, a total of \$686,342 was drawn down, with an additional \$334,624 drawn down in 2014, \$172,013 in 2016 and \$18,047 in 2017. The Village will repay the 0% interest loan in semi-annual installments. The first payment was due in 2014 and the final payment will be due in 2044. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2017, the Village borrowed \$33,290 at an interest rate of 4.95% in order to purchase equipment to be used by the water and sewer departments. The first payment was made in October 2017 and the loan matures in September of 2027. The loan payments will be made from the water and sewer funds.

During 2017, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$288,666 to the Village for water Plant Upgrade Designs. During 2018, OWDA rolled this loan into Water Plant Upgrade Phase I and an additional \$319,989, including capitalized interest and fees, was drawn down. The Village will repay the 3.00% interest loan in semi-annual installments from the water utility fund. As of December 31, 2018 no amortization schedule is available, therefore, this loan is not included in the table above.

During 2018, the Village borrowed \$109,500 from Progressive Bank at an interest rate of 5.50%. The loan was borrowed in order to construct a new roof. The first payment was made in March 2018 and the loan matures on March 23, 2028. The loan payments are made from the General Fund.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

The Village's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2019 was \$329,649 in principal and interest payments through the year 2035. Payments are made from property tax receipted into the Police and Fire Pension Special Revenue Funds.

During 2019, the Village borrowed \$200,000 from the United States Department of Agriculture, (USDA). The loan was obtained in order to purchase a new garbage packer for the sanitation department as well as a new dump truck for the street maintenance and water departments. The loan has an interest rate of 3.79% and will mature in 2026. The first payment is due in 2020. As of December 31, 2019 no amortization schedule is available; therefore this loan is not included in the table above.

11. CAPITAL LEASES

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2019.

Governmental	
Year Ending December 31;	Police and Fire Pension
2020	\$ 43,063
2021	43,063
2022	43,063
2023	43,063
2024	43,063
2025	43,063
Total Minimum Lease Payments	258,378
Less: Amount represent interest	(27,931)
Present Value of Minimum Lease Payments	\$ 230,447

12. OTHER LIABILITIES

During 2008, the Village entered into a contract with the Ohio Department of Transportation (ODOT) to provide for payment in the amount of \$200,000 which is a portion of the cost of the relocation of State Route 149. The Villages pledges its rights, title and interest in the Village's Motor Vehicle Gasoline Tax Revenues to ODOT. If the funds from Motor Vehicle Gasoline Tax Revenues are insufficient to make any required payment, the Village agrees to use its General Fund revenue. On September 24, 2007, the Village paid a \$1,500 deposit leaving the total amount pledged as \$198,500. This amount is to be paid over fifteen years and is interest free. The total amount outstanding on this pledge at December 31, 2019 is shown in the table below:

Year	Pledge to ODOT
2020	15,000
2021	15,000
2022	13,500
	\$ 43,500

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

13. JOINTLY GOVERNED ORGANIZATIONS

Eastern Ohio Regional Transit Authority

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

Jefferson-Belmont Joint Solid Waste Authority

The Jefferson-Belmont Joint Solid Waste Authority was established by State statutes and is operated to provide solid was services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the Village of Bellaire is a member. The Authority is not dependent on the Village of Bellaire for its continued existence, no debt exists, and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

Ohio Mid-Eastern Governments Association (OMEGA)

The Ohio Mid-Eastern Governments Association (OMEGA) is ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. Village membership is voluntary. The Mayor of the Village of Bellaire serves as the Village's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2019, OMEGA did not receive any fees from the Village of Bellaire. The continued existence of OMEGA is not dependent on the Village's continued participation and no equity interest exists. OMEGA has no outstanding debt.

Bel-O-Mar Regional Council

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the Village of Bellaire serves as the Village's representative on the board. The Council is not dependent upon the Village of Bellaire for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2019, the Village made \$1,412 in payments to Bel-O-Mar Regional Council.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Eastern Ohio Regional Wastewater Authority (EORWA)

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 Bellaire. The Authority is not dependent on the Village of Bellaire for its continued existence and the Village does not maintain an equity interest. During 2019, the Village made no payments to the EORWA.

14. CLAIMS SERVICING POOL

Jefferson Health Plan

The Village participates in the Jefferson Health Plan, a claims servicing pool established pursuant to Ohio Revised Code Chapter 167. The legislative body of the Consortium is an assembly consisting of a designee from each of its 90 members. The membership of the assembly appoints a nine-member Board of Directors, which acts as the managerial body of the Consortium. The Consortium provides a cooperative program to administer medical, prescription, vision and dental benefits to employees of the participating entities and their eligible dependents. The Village of Bellaire paid \$4,700 to the Jefferson Health Plan during 2019 for services.

15. INTERFUND TRANSFERS

	Transfer From
Transfer To	General
Proprietary Fund Type:	
Enterprise	\$ 122,987

The transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

16. 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 balance for governmental fund types are presented as follows:

	General	Special Revenue Funds	Capital Projects	Total
Nonspendable for:				
Unclaimed Monies	\$ 15,556	\$ -	\$ -	\$ 15,556
Restricted for:				
Road Improvements	-	229,731	-	229,731
Parking Meter	-	45,450	-	45,450
Computer Improvements	-	9,349	-	9,349
Fire and Emergency Service Operations	-	34,168	-	34,168
Law Enforcement Programs	-	35,061	-	35,061
CHIP Programs	-	9,347	-	9,347
Community Development	-	100,878	-	100,878
Police and Fire Pension	-	27,925	-	27,925
Miscellaneous	-	1,242	-	1,242
Total Restricted	-	493,151	-	493,151
Committed for:				
Commerce Park	-	-	197,754	197,754
Assigned for:				
Encumbrances:				
General Government	175,391	-	-	175,391
Security of Persons and Property	154,187	-	-	154,187
Subsequent Years Appropriations	82,996	-	-	82,996
Total Assigned	412,574	-	-	412,574
Unassigned	223,345	-	-	223,345
<i>Total Fund Balance</i>	<u>\$ 651,475</u>	<u>\$ 493,151</u>	<u>\$ 197,754</u>	<u>\$ 1,342,380</u>

17. ENCUMBRANCE COMMITMENTS

Outstanding encumbrances for governmental funds include \$329,578 in the General Fund.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

18. SUBSEQUENT EVENTS

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Bellaire
Belmont County
3197 Belmont Street
Bellaire, Ohio 43906

To the Honorable Mayor and Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Bellaire, Belmont County as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated May 28, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Bellaire'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 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. 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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001, 2019-003 and 2019-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bellaire'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002 and 2019-005.

Entity's Response to Finding

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

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 28, 2020

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-001

Material Weakness – Payroll and Water Bank Account Reconciliations

The Village's management has a responsibility to design and maintain internal controls over financial reporting. Internal controls must exist over the cash reconciliation process. Timely reconciliation and review should be completed by the appropriate personnel.

The Village Clerk prepares monthly bank reconciliations for the general checking account and the department heads prepare monthly bank reconciliations for their accounts, however, there was no evidence of these reconciliations being reviewed or approved by anyone. Also, the Village utilizes a payroll and water clearing accounts and these accounts are not being reconciled. Not approving and not preparing reconciliations of bank accounts can allow for inaccurate ledger balances and increase the chances of error or fraud that otherwise could be detected in a timely manner by village employees.

We recommend every account held by the Village be reconciled monthly and reviewed and/or approved by the department head and/or Village Council. We also recommend the Village take steps to reconcile the payroll and water clearing account.

Client Response: The Village will make attempts to reconcile the payroll account.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-002

Noncompliance – Certification of Funds

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

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

- If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”) and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution “Then and Now” Certificates. Amounts less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal Officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 69% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: The Village will continue to monitor expenditures being certified for payment.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-003

Material Weakness – Internal Control

During audit testing we noted some items that we feel need to be stated for the Village to maintain and increase the effectiveness over internal controls.

- Payroll time sheets are not descriptive enough to state what fund the work was done in and where it should be paid. Time sheets currently used lists the days of the week, a column for regular hours, OT hours, Holiday Hours, sick and vacation. As noted it does not list what fund the work was done in. There is a time sheet the Village has that lists the funds the Village pays from and then the rest on the current time sheet. We recommend that the new time sheet be used to properly state where payroll should be paid from and should eliminate any confusion or questions why someone was paid from a certain fund.
- There were multiple instances where late fees were paid by the Village. We recommend that all payments be made on time. If for some reason, it can't be, we recommend at least trying to make arrangements with those vendors so minimize fees and penalties.
- We recommend that when getting new loans or banking services, compare a few institutions before settling on one so that the Village may be able to obtain the most favorable rates and terms. This could possibly save the Village money.
- The Village for many years has been calculating and paying Comp. Time for various administrative positions and certain departments. Therefore, you could reasonably infer that the Village intended to have Comp. Time as part of a benefits package. However, the Village has no written Comp. Time policy. We recommend that the Village establish a written Comp. Time policy if it intends for Comp. Time to be part of the benefits package.
- We did not note any policy that covers the hiring of family members of current Village employees. We feel a written policy covering the process of hiring a family member would eliminate any concern of impropriety. This policy would contain the steps of the interview process, who does the interviews, who approves the hire, who can deny the hire and any other step that the Village feels necessary.

Client Response: We will consider the above as we move forward.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-004

Material Weakness

All 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 transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- The Village posted Real Estate taxes at net not gross. This required an increase in Real Estate Tax in the General Fund, Fire Levy Fund, Police Pension Fund, Fire Pension Fund and Water Fund in the amounts of \$3,806, \$1,413, \$457, \$457 and \$1,390 respectively along with a corresponding increase in expenditures in the those funds.
- Reclassifications in the amounts of \$5,578, \$669 and \$669 were made to increase Intergovernmental Revenue and decrease Property Tax for Rollbacks in the General Fund, Police Pension Fund and Fire Pension Fund, respectively.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We will review postings as we move forward.

FINDING NUMBER 2019-005

Noncompliance

Ohio Revised Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds which had expenditures greater than appropriation authority.

		Appropriation			
Fund	Year	Authority		Expenditures	Variance
Water Fund	2019	\$ 1,639,797		\$ 1,675,434	\$ (35,637)

We recommend Council review expenditures versus appropriation authority throughout the year. Also, Council should not approve expenditures greater than appropriations. This results in the Village spending more money than it appropriated and could cause possible negative fund balances.

Client Response: The Village will make every effort to monitor appropriations and expenditures.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	No evidence of review of bank reconciliations. No reconciliation for payroll account	No	Not Corrected Repeated as Finding 2019-001
2018-002	5705.39 Appropriations exceeding estimated resources	Yes	Finding No Longer Valid
2018-003	5705.41(D) expenditures made without prior certification	No	Not Corrected Repeated as Finding 2019-002
2018-004	Material Weakness Internal Control Wages, Comp Time	No	Not Corrected Repeated as Finding 2019-003
2018-005	Material Weakness Receipt Postings	No	Not Corrected Repeated as Finding 2019-004

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BELLAIRE

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/24/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov