



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BELLAIRE  
BELMONT COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 16, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

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

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 16, 2010

VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Income Taxes	\$ 717,217	\$ 0	\$ 0	\$ 717,217
Property and Other Taxes	84,454	44,462	0	128,916
Charges for Services	125,728	24,287	0	150,015
Fines, Licenses and Permits	72,768	369	0	73,137
Intergovernmental	289,918	396,626	0	686,544
Earnings on Investments	22,072	1,029	0	23,101
Rental Income	0	0	24,656	24,656
Miscellaneous	15,021	16,369	0	31,390
	<u>1,327,178</u>	<u>483,142</u>	<u>24,656</u>	<u>1,834,976</u>
<b>Total Cash Receipts</b>				
	1,327,178	483,142	24,656	1,834,976
<b>Cash Disbursements:</b>				
Current:				
General Government	441,721	0	0	441,721
Security of Persons and Property	798,762	15,889	0	814,651
Transportation	0	299,638	0	299,638
Community Environment	0	90,645	59	90,704
Debt Service:				
Principal Retirement	12,172	37,355	0	49,527
Interest and Fiscal Charges	2,417	35,406	0	37,823
	<u>1,255,072</u>	<u>478,933</u>	<u>59</u>	<u>1,734,064</u>
<b>Total Cash Disbursements</b>				
	1,255,072	478,933	59	1,734,064
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>72,106</u>	<u>4,209</u>	<u>24,597</u>	<u>100,912</u>
	72,106	4,209	24,597	100,912
<b>Other Financing Receipts</b>				
Proceeds from Sale of Fixed Assets	38,252	0	0	38,252
	<u>38,252</u>	<u>0</u>	<u>0</u>	<u>38,252</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<u>110,358</u>	<u>4,209</u>	<u>24,597</u>	<u>139,164</u>
	110,358	4,209	24,597	139,164
<b>Fund Cash Balances, January 1</b>	<u>190,287</u>	<u>442,499</u>	<u>11,414</u>	<u>644,200</u>
	190,287	442,499	11,414	644,200
<b>Fund Cash Balances, December 31</b>	<u>\$ 300,645</u>	<u>\$ 446,708</u>	<u>\$ 36,011</u>	<u>\$ 783,364</u>
	\$ 300,645	\$ 446,708	\$ 36,011	\$ 783,364

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

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,835,679	\$ 0	\$ 1,835,679
Miscellaneous	2,073	0	2,073
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	1,837,752	0	1,837,752
<b>Operating Cash Disbursements:</b>			
Personal Services	670,195	0	670,195
Contractual Services	500,000	0	500,000
Materials and Supplies	200,318	0	200,318
Capital Outlay	77,902	0	77,902
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	1,448,415	0	1,448,415
Operating Income	<hr/>	<hr/>	<hr/>
	389,337	0	389,337
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	0	30,485	30,485
Interest Earnings	39	0	39
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	39	30,485	30,524
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Disbursements	0	30,459	30,459
Principal Retirement	140,264	0	140,264
Interest and Fiscal Charges	30,760	0	30,760
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	171,024	30,459	201,483
Net Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	218,352	26	218,378
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	503,615	58	503,673
<b>Fund Cash Balance, December 31</b>	<u>\$ 721,967</u>	<u>\$ 84</u>	<u>\$ 722,051</u>

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

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**NOTE 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 2001 census population of 4,892. 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 Neffs 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 11 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.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash 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.

**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:

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. General Fund**

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

**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 Fund:

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

**3. Capital Projects Funds**

These funds account for receipts restricted 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.

**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 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.

**5. 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 or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 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.

**1. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2009 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

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

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**NOTE 2 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2009 was as follows:

Demand deposits	\$1,337,900
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**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**Investments Held by a Third Party Trustee:** As a result of bond indenture covenants, the Village has reported the market value of shares in a U.S. Treasury Money Market Mutual Fund, held by a third party trustee (The Bank of New York Mellon Trust Company), in the amount of \$167,290 and included in the fund balance of the Enterprise Funds. These restricted assets reflect the amount of accumulated resources for principal and interest payments for water system improvements.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2009, follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,398,341	\$1,365,430	(\$32,911)
Special Revenue	374,702	483,142	108,440
Capital Projects	24,000	24,656	656
Enterprise	1,706,000	1,837,791	131,791
Total	\$3,503,043	\$3,711,019	\$207,976

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,420,866	\$1,255,072	\$165,794
Special Revenue	481,962	478,933	3,029
Capital Projects	59	59	0
Enterprise	1,695,705	1,619,439	76,266
Total	\$3,598,592	\$3,353,503	\$245,089

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 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.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single village taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

**NOTE 5 - 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.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, maintenance of equipment, new equipment, extension and enlargement of municipal services and facilities, and capital improvements as determined by Village Council. Income tax collections for 2009 were \$717,217 and proceeds were allocated to the Village's General Fund.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 6 - 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. 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, 2008, 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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

***Financial Position***

PEP's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
<b>Casualty Coverage and Property Coverage</b>		
Assets	\$ 35,769,535	\$ 37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$ 20,459,329</u>	<u>\$ 20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$59,000.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 6 - RISK MANAGEMENT (Continued)**

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

<b><u>Contributions to PEP</u></b>	
2007	\$55,170
2008	57,614
2009	60,789

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of 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.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

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 7 – 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 2009, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 10 percent of their wages. The Village contributed an amount equal to 14.0 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**NOTE 7 – RETIREMENT SYSTEMS (Continued)**

Three officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2009, employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal for 6.2 percent of participant's gross salaries.

**NOTE 8 – DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b><u>Enterprise Fund Obligations</u></b>		
<i>Mortgage Revenue Bonds:</i>		
Water System	\$ 130,000	6.875%
<i>General Obligation Bonds:</i>		
Sanitary Sewer Bond	278,700	5.00%
<i>Capital Lease:</i>		
Backhoe Lease	<u>6,438</u>	5.85%
<i>Total Enterprise Fund Obligations</i>	415,138	
<b><u>Governmental Fund Obligations</u></b>		
<i>Installment Note:</i>		
Boat Launch	<u>32,461</u>	4.90%
	32,461	
Police & Fire pension - 4.25%	329,809	4.25%
<i>Capital Leases:</i>		
Backhoe Lease	3,218	5.85%
Fire Truck Lease	<u>326,893</u>	5.89%
<i>Total Governmental Fund Obligations</i>	<u>692,381</u>	
Grand Total	<u><u>\$ 1,107,519</u></u>	

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**NOTE 8 – DEBT (Continued)**

The Enterprise Fund obligations (general obligation bonds and mortgage revenue bonds), will be paid from revenues derived from charges for services in the enterprise funds. Capital lease obligations will be paid from the fund that maintains custody of the related asset. The Governmental Fund obligations (installment note and the police and fire pension liability) will be paid from revenues from the General Fund and property tax revenues from the Police Pension and Fire Pension Funds.

The installment note is backed by the full faith and credit of the Village of Bellaire.

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

Year	Enterprise Funds		Governmental Funds		Total
	General Obligation Bonds	Mortgage Revenue Bonds	Installment Note	Police and Fire Pension	
2010	\$ 23,035	\$ 137,963	\$ 11,671	\$ 21,330	\$ 193,999
2011	23,080	0	11,671	21,330	56,081
2012	23,000	0	10,699	21,330	55,029
2013	23,000	0	973	21,330	45,303
2014	23,075	0	0	21,330	44,405
2015-2019	115,195	0	0	106,648	221,843
2020-2024	115,430	0	0	106,648	222,078
2025-2029	92,500	0	0	106,649	199,149
2030-2034	0	0	0	106,649	106,649
2035	0	0	0	9,704	9,704
	<u>\$ 438,315</u>	<u>\$ 137,963</u>	<u>\$ 35,014</u>	<u>\$ 542,948</u>	<u>\$ 1,154,240</u>

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 will be forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which leaves \$329,291 to be the total amount financed by the Village. The Village will repay the 0% loan in semiannual installments with the first payment due in 2011, with final payment due in 2041. As of December 31, 2009, \$1,148 is the total principal outstanding on this loan. This loan is not included in the debt or amortization schedules above. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The waterline replacement project is set to commence in 2010.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**NOTE 9 - 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, 2009:

<b>Governmental</b>			
Year	Fire Truck	Backhoe	Total
2010	\$ 47,831	\$ 3,322	\$ 51,153
2011	47,831	0	47,831
2012	47,831	0	47,831
2013	47,831	0	47,831
2014	47,831	0	47,831
2015-2019	191,320	0	191,320
Total Minimum Lease Payments	430,475	3,322	433,797
Less: Amount representing interest	(103,582)	(104)	(103,686)
Present value of minimum lease payments	\$ 326,893	\$ 3,218	\$ 330,111

<b>Enterprise</b>		
Year	Backhoe	Total
2010	\$ 6,644	\$ 6,644
Total Minimum Lease Payments	6,644	6,644
Less: Amount representing interest	(206)	(206)
Present value of minimum lease payments	\$ 6,438	\$ 6,438

**NOTE 10 – 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 Village 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 the next 15 years. The total amount outstanding on this pledge at December 31, 2009 is \$178,500.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 10 – OTHER LIABILITIES (Continued)**

Amortization of the above pledge is scheduled as follows:

<u>Year</u>	<u>Pledge to ODOT</u>
2010	\$10,000
2011	10,000
2012	10,000
2013	15,000
2014	15,000
2015-2019	75,000
2020-2022	43,500
	<u>\$178,500</u>

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

- A. 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 2009. 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 is responsible.
- B. Ohio Mid-Eastern Governments Association (OMEGA) is a 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 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 2009, OMEGA did not receive any fees from the Village. The continued existence of OMEGA is not dependent on the Village's continued participation and no equity interest exists. OMEGA has no outstanding debt.
- C. Jefferson-Belmont Joint Solid Waste Authority is established by State statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the Village is a member. The Authority is not dependent on the Village 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.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

- D. 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 (Ohio, Marshall, and Wetzell Counties). 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 serves as the Village's representative on the board. The Council is not dependent upon the Village for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2009, the Village did not pay any fees to Bel-O-Mar Regional Council.
- E. Eastern Ohio Regional Wastewater Authority (EORWA) is 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. The Authority is not dependent on the Village 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 12 – CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 Village Council:

We have audited the financial statements of the Village of Bellaire, Belmont County, Ohio (the Village), as of and for the year ended December 31, 2009, and have issued our report thereon dated April 16, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 16, 2010.

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

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



**Mary Taylor, CPA**  
Auditor of State

April 16, 2010

VILLAGE OF BELLAIRE  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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:

Then and Now Certificate – If the fiscal officer can certify that both at the time 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 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 resolution or ordinance.

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

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

Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

No obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, Purchase orders contained the certification language; however, they were not printed or signed by the Village Clerk/Treasurer.

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009  
(Continued)**

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

**FINDING NUMBER 2009-001  
(Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Village Clerk/Treasurer certify that funds are or will be available prior to obligations being incurred by the Village. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Village certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Village Clerk/Treasurer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Village Clerk/Treasurer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**Officials' Response:**

We acknowledge this issue regarding proper purchase orders exist and have made Village Council along with their finance committee, administration and department heads aware of this important control issue.

We continue to address these issues and have reassurance from the parties mentioned above that proper control will be forthcoming.

**VILLAGE OF BELLAIRE  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code Section 5705.41(D)(1) regarding not certifying the availability of funds prior to incurring an obligation.	No	Not Corrected; Reissued as Finding No. 2009-001.
2008-002	Ohio Rev. Code Section 5705.41(B) regarding funds with expenditures exceeding appropriations.	No	Partially Corrected; Reissued in the management letter.
2008-003	Bellaire Codified Ordinance Section 923.42 regarding reading of water meters.	Yes	N/A.
2008-004	Material Weakness regarding changes to commercial utility customer accounts without approval and nonexistent or unclear rate ordinances.	No	Partially Corrected; Reissued in the management letter.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BELLAIRE**

**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  
MAY 25, 2010**