



Dave Yost • Auditor of State

VILLAGE OF BELMONT
BELMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmont, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Belmont, Belmont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2013 financial statements have been restated to correct errors made in the prior audit. This restatement does not affect our opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 3, 2016

**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,864	\$16,172	\$0	\$28,036
Intergovernmental	21,957	89,241	0	111,198
Charges for Services	10,705	124,309	0	135,014
Fines, Licenses and Permits	4,806	0	0	4,806
Earnings on Investments	431	7	100	538
Miscellaneous	175,356	2,955	0	178,311
<i>Total Cash Receipts</i>	<u>225,119</u>	<u>232,684</u>	<u>100</u>	<u>457,903</u>
Cash Disbursements				
Current:				
Security of Persons and Property	6,010	157,712	0	163,722
Public Health Services	0	16,266	0	16,266
Leisure Time Activities	23,733	0	0	23,733
Basic Utility Services	5,360	0	0	5,360
Transportation	0	36,762	0	36,762
General Government	34,722	5,150	0	39,872
Capital Outlay	0	53,230	0	53,230
<i>Total Cash Disbursements</i>	<u>69,825</u>	<u>269,120</u>	<u>0</u>	<u>338,945</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>155,294</u>	<u>(36,436)</u>	<u>100</u>	<u>118,958</u>
Other Financing Receipts (Disbursements)				
Loan Proceeds	0	18,355	0	18,355
Sale of Assets	6,000	0	0	6,000
Transfers In	0	140,864	0	140,864
Transfers Out	(140,864)	0	0	(140,864)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(134,864)</u>	<u>159,219</u>	<u>0</u>	<u>24,355</u>
<i>Net Change in Fund Cash Balances</i>	20,430	122,783	100	143,313
<i>Fund Cash Balances, January 1</i>	<u>15,663</u>	<u>123,286</u>	<u>40,206</u>	<u>179,155</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	40,026	40,026
Restricted	0	246,069	280	246,349
Unassigned	36,093	0	0	36,093
<i>Fund Cash Balances, December 31</i>	<u>\$36,093</u>	<u>\$246,069</u>	<u>\$40,306</u>	<u>\$322,468</u>

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$177,358	\$0	\$177,358
<i>Total Operating Cash Receipts</i>	<u>177,358</u>	<u>0</u>	<u>177,358</u>
Operating Cash Disbursements			
Personal Services	20,157	0	20,157
Employee Fringe Benefits	3,410	0	3,410
Contractual Services	107,743	0	107,743
Supplies and Materials	42,988	0	42,988
<i>Total Operating Cash Disbursements</i>	<u>174,298</u>	<u>0</u>	<u>174,298</u>
<i>Operating Income (Loss)</i>	<u>3,060</u>	<u>0</u>	<u>3,060</u>
Non-Operating Receipts (Disbursements)			
Mayor's Court Fines and Fees		125	125
Mayor's Court Distribution of Fines and Fees		(125)	(125)
Principal Retirement	(9,138)	0	(9,138)
Interest and Other Fiscal Charges	(42,497)	0	(42,497)
Earnings on Investment	17	0	17
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(51,618)</u>	<u>0</u>	<u>(51,618)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,558)</u>	<u>0</u>	<u>(48,558)</u>
<i>Fund Cash Balances, January 1</i>	<u>194,619</u>	<u>600</u>	<u>195,219</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$146,061</u></u>	<u><u>\$600</u></u>	<u><u>\$146,661</u></u>

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,365	\$15,490	\$0	\$26,855
Intergovernmental	22,358	39,043	0	61,401
Charges for Services	12,370	106,082	0	118,452
Fines, Licenses and Permits	4,357	0	0	4,357
Earnings on Investments	482	2	180	664
Miscellaneous	5,794	7,014	0	12,808
<i>Total Cash Receipts</i>	<u>56,726</u>	<u>167,631</u>	<u>180</u>	<u>224,537</u>
Cash Disbursements				
Current:				
Security of Persons and Property	10	94,894	0	94,904
Public Health Services	0	5,281	0	5,281
Leisure Time Activities	25,039	0	0	25,039
Basic Utility Services	2,880	0	0	2,880
Transportation	0	42,825	0	42,825
General Government	31,999	424	0	32,423
Capital Outlay	0	1,561	0	1,561
Debt Service:				
Principal Retirement	0	2,473	0	2,473
Interest and Fiscal Charges	0	688	0	688
<i>Total Cash Disbursements</i>	<u>59,928</u>	<u>148,146</u>	<u>0</u>	<u>208,074</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(3,202)</u>	<u>19,485</u>	<u>180</u>	<u>16,463</u>
<i>Fund Cash Balances, January 1 (Restated See Note 2)</i>	<u>18,865</u>	<u>103,801</u>	<u>40,026</u>	<u>162,692</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	40,026	40,026
Restricted	0	123,286	180	123,466
Unassigned	15,663	0	0	15,663
<i>Fund Cash Balances, December 31</i>	<u>\$15,663</u>	<u>\$123,286</u>	<u>\$40,206</u>	<u>\$179,155</u>

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$155,278	\$0	\$155,278
<i>Total Operating Cash Receipts</i>	<u>155,278</u>	<u>0</u>	<u>155,278</u>
Operating Cash Disbursements			
Personal Services	15,975	0	15,975
Employee Fringe Benefits	3,043	0	3,043
Contractual Services	84,983	0	84,983
Supplies and Materials	13,219	0	13,219
<i>Total Operating Cash Disbursements</i>	<u>117,220</u>	<u>0</u>	<u>117,220</u>
<i>Operating Income (Loss)</i>	<u>38,058</u>	<u>0</u>	<u>38,058</u>
Non-Operating Receipts (Disbursements)			
Mayor's Court Fines and Fees		375	375
Principal Retirement	(14,800)		(14,800)
Interest and Other Fiscal Charges	(36,887)		(36,887)
Earnings on Investment	15		15
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(51,672)</u>	<u>375</u>	<u>(51,297)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(13,614)</u>	<u>375</u>	<u>(13,239)</u>
<i>Fund Cash Balances, January 1 (Restated See Note 2)</i>	<u>208,233</u>	<u>225</u>	<u>208,458</u>
<i>Fund Cash Balances, December 31</i>	<u>\$194,619</u>	<u>\$600</u>	<u>\$195,219</u>

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Belmont, Belmont County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, cemetery operations, street repair and maintenance, police, fire, and emergency medical services to the residents of the Village. The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

VILLAGE OF BELMONT
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Fire Fund – This fund receives grants and contracts revenue to provide for fire services.

Ohio Billings Fund – This fund receives collections for services provided for fire and emergency medical services.

Emergency Management Services (EMS) Fund – This fund receives grant and contract revenue to provide emergency management services.

3. Permanent Funds

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

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

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 receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Debt Fund – This fund receives charges for services from residents to cover sewer debt service costs.

5. Fiduciary Funds

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

VILLAGE OF BELMONT
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds (Continued)

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

Mayor's Court Fund – This fund receives fines, bonds and costs assessed by the Court and disburses these amounts to the State, Village or other payee.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

F. Fund Balance

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

1. Nonspendable

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. Restricted

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

3. Unassigned

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

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

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.

2. RESTATEMENT OF CASH FUND BALANCE

The Village restated the cash fund balances to reverse prior year 2012 audit adjustments which the Village did not post to its records. Supporting documentation for several of these adjustments could not be obtained from the prior auditor. An adjustment posted in the prior audit to record activity in the Village fire department's auxiliary checking account was determined to be unnecessary. The restatement had an effect on the cash fund balances of the fund types listed below.

	General	Special Revenue	Permanent	Enterprise
Fund Balance 1/1/2013	\$18,458	\$115,810	\$41,026	\$209,036
Correction of error	407	(12,009)	(1,000)	(803)
Fund Balance 1/1/2013, Restated	<u>\$18,865</u>	<u>\$103,801</u>	<u>\$40,026</u>	<u>\$208,233</u>

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. 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 was as follows:

	2014	2013
Demand deposits	\$349,790	\$248,052
Certificates of deposit	81,692	94,692
Other time deposits (savings and NOW accounts)	37,647	31,630
Total deposits	\$469,129	\$374,374

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,950	\$231,119	\$14,169
Special Revenue	193,993	391,903	197,910
Enterprise	153,593	177,375	23,782
Permanent	0	100	100
Total	\$564,536	\$800,497	\$235,961

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,530	\$210,689	(\$147,159)
Special Revenue	273,793	269,120	4,673
Enterprise	316,432	225,933	90,499
Total	\$653,755	\$705,742	(\$51,987)

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,078	\$56,726	\$36,648
Special Revenue	26,962	167,631	140,669
Enterprise	50,936	155,293	104,357
Permanent	0	180	180
Total	\$97,976	\$379,830	\$281,854

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,056	\$59,928	(\$3,872)
Special Revenue	234,330	148,146	86,184
Enterprise	323,354	168,907	154,447
Total	\$613,740	\$376,981	\$236,759

Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund by \$147,159 and in the Water Fund by \$16,006 for the year ended December 31, 2014. Also, budgetary expenditures exceeded appropriation authority in the General Fund by \$3,872 and the Street Fund by \$562 for the year ended December 31, 2013.

Contrary to Ohio Rev. Code § 5705.39, appropriations exceed estimated resources in the General, Street, Police Levy, Water, and Sewer Debt Reserve Funds' by \$21,592, \$5,726, \$1,086, \$21,674, and \$8,001, respectively, for the year ended December 31, 2013.

Contrary to Ohio Rev. Code § 5705.131, the Perkins Cemetery Fund was incorrectly classified as a special revenue fund.

5. 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.

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

6. DEBT

Debt outstanding at December 31, 2014, was as follows:

	Principal	Interest Rate
OPWC Loan	\$147,536	2.0%
Sanitary Sewer System Mortgage Revenue Bonds	689,700	4.5%
Promissory Note	15,882	4.8%
Total	\$853,118	

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

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. DEBT (Continued)

The Sanitary Sewer System Mortgage Revenue Bonds were issued for the purpose of paying part of the cost of certain sanitary sewer improvements. The bonds were issued in 2009 for \$713,000 at 4.5 % interest for 50 years. The loan will be repaid in annual payments of approximately \$39,500. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2014 is \$39,904.

The Village obtained a promissory note for the purchase of equipment for fire and emergency management services in 2014. The original note was for \$18,355 at 4.8% interest for 5 years. The Village's taxing authority collateralized the loan.

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

Year ending December 31:	OPWC Loan	Mortgage Revenue Bonds	Promissory Note
2015	\$12,135	\$39,437	\$4,147
2016	12,135	39,559	4,147
2017	12,135	39,458	4,147
2018	12,135	39,544	4,147
2019	12,135	39,508	1,008
2020-2024	60,673	197,506	
2025-2029	48,539	197,504	
2030-2034		197,506	
2035-2039		197,442	
2040-2044		197,552	
2045-2049		197,498	
Total	<u>\$169,887</u>	<u>\$1,382,514</u>	<u>\$17,596</u>

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

Certain officials and the Village's part-time firefighters contribute to Social Security. These employees contributed 6.2% of their gross salaries and the Village contributed an amount equaling 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. RISK MANAGEMENT

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$12,000.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. 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.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$16,804	\$17,069

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

9. CONTINGENT LIABILITIES

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

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Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Belmont, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated February 3, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the 2013 financial statements have been restated to correct errors made in the prior audit.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider Findings 2014-001 through 2014-005 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-006 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2014-005, 2014-007, and 2014-008.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

February 3, 2016

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

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

The Ohio Village Handbook (revised March 2015) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

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

We noted the following posting errors in 2014 and 2013:

1. The Village duplicated 3 receipts for a total of \$4,759 on the system and carried these duplicate receipts on the books throughout 2013 and 2014 without voiding them which caused their monthly reconciliations to be out-of-balance. Of this amount, \$4,309 was posted to the Ohio Billings Fund and \$450 was posted to the Cemetery Fund.
2. The Village posted oil and gas lease bonus money in the amount of \$169,864 to the General Fund as Intergovernmental; however, this receipt should have been posted as Miscellaneous in 2014.
3. The Village posted a Bureau of Workers Compensation Safety Interventional grant of \$34,693 to the EMS Fund as Charges for Services; however, this should have been posted as Intergovernmental in 2014.
4. The Village recorded a \$10,000 State Fire Marshall grant from the Department of Public Safety and a \$4,500 Department of Natural Resources Volunteer Fire Department grant to Charges for Services within the Fire Fund instead of Intergovernmental in 2014.
5. The Village posted audit costs of \$4,404 and utility payments of \$1,790 to the General Fund - Transfers Out expenditure line item for a total of \$6,194, instead of posting these expenditures to the General Fund – General Government line item in 2014.
6. The Village recorded a gas and oil lease bonus in the amount of \$4,441 to the Water Fund in 2014; however, this receipt is required to be posted to the General Fund.
7. In 2013, the Village recorded \$7,014 of funds from the Belmont Volunteer Fire Department for a checking account not previously reported on the Village's books. This bank account was closed by the Fire Chief and the funds were deposited into the Village's checking account and posted to the accounting system as Charges for Services revenue line item. This receipt would have been more appropriately classified as Miscellaneous.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

8. The Village obtained a new bank loan for the purchase of equipment for the Volunteer Fire Department in 2014 in the amount of \$18,355 and did not record the note proceeds in the Fire Levy Fund. In addition, the Village did not reflect capital outlay of \$18,355 for the equipment expenditure paid directly to the vendor.
9. In 2013, the Village posted a transfer between Village bank accounts as Other Debt Service in the amount of \$7,577 to the Sewer Debt Reserve Fund. In addition, the Village did not record \$15 in Earnings on Investment receipts to the Sewer Debt Reserve Fund.
10. In 2014, the Village posted a transfer between Village bank accounts as Other Debt Service in the amount of \$6,000 to the Sewer Debt Reserve Fund. In addition, the Village did not record \$17 in Earnings on Investment receipts to the Sewer Debt Reserve Fund.
11. The Village classified a promissory note debt principal and interest payments in the amount of \$1,037 to the Security of Persons and Property line item within the Fire Fund and in the amount of \$2,124 to the Security of Persons and Property line item within the Fire Levy Fund, in 2013. The Village should have posted these debt payments to the Fire Levy Fund, principal and interest line items for debt service in the amounts of \$2,473 and \$688, respectively.
12. The Village classified the purchase of a new dump truck in the amount of \$24,900 in 2014 as Security of Persons and Property instead of Capital Outlay within the Local Government Fund.
13. The Village posted utility receipts to the Sewer Debt Fund to Special Assessments instead of Charges for Services in 2013 in the amount of \$39,484.
14. Mayor's court fines and fees receipts and distribution activity were not posted to the accounting system for 2014 and 2013 as an agency fund. Total court fines and fees were \$125 in 2014 and \$375 in 2013. Total distributions were \$125 in 2014 and no distributions were made in 2013.
15. The Village posted proceeds for the sale of land in 2014 to the General Fund as Intergovernmental instead of Other Financing Sources - Sale of Assets in the amount of \$6,000.
16. The Village posted \$7,800 to Interest, but this should have been posted to the Principal debt service expenditure line item in the Sewer Debt Fund in 2013.

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

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

1. In 2014, the Village posted a \$5,000 donation for the fire house to Charges for Services in the EMS Fund instead of Miscellaneous.
2. In 2013, the Village posted \$1,958 of Ohio Public Works Commission loan debt principal payments to interest instead of the principal line item.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

3. The Village posted \$8,100 to Interest, but this should have been posted to the Principal debt service expenditure line item in the Sewer Debt Fund in 2014.
4. The Village posted an Emergency Management Service grant in the amount of \$3,500 in 2013 to the EMS Fund, Charges for Services line item instead of Intergovernmental.
5. The Village did not record \$640 and \$1,615 in 2014 and 2013, respectively, of gym rental monies to the General Fund as Charges for Services. In addition, the Village did not record the subsequent expenditure of these receipts as General Government.
6. The Village posted \$4,149 of grant money from the Ohio Department of Natural Resources (ODNR) to Charges for Service instead of Intergovernmental within the Fire Fund in 2014.

The Village should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-002

Material Weakness

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

We noted the following regarding the bank reconciliation process:

- During 2013, the Village carried an unreconciled balance of \$7,716 for the months of January 2013 until May 2013. This unreconciled balance then increased to \$12,321 in June 2013 and \$13,983 in July 2013 until December 2013 when the Village posted audit adjustments to correct these differences.
- The monthly bank reconciliations included deposits in transit in the amount of \$4,759, which were actually found to be receipts posted to the accounting system twice. Audit adjustments, with which the Village agrees, have been posted to the accounting records and are reflected in the accompanying financial statements.
- The Village maintained a separate savings account which was used to maintain the sewer debt reserve required per a bond agreement; however the balance and the financial activity of this account are not included in the Village's accounting system. This bank account accrues interest each month and includes annual deposits from water and sewer charges for services collections. Interest received on this savings account was \$17 in 2014 and \$15 in 2013 and the annual reserve deposit from utility charges were \$6,000 in 2014 and \$7,577 in 2013. This activity was never recorded on the system in 2014 and 2013.

**VILLAGE OF BELMONT
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-002 (Continued)

Material Weakness (Continued)

- The mayor's court checking account balance and related financial activity of this account were not included in the Village's accounting system.

As a result, monthly reconciliations were not always accurate. Without promptly reconciling, identifying, and correcting the unidentified items, the Village may experience a cumbersome reconciliation process and increase the risk of errors and irregularities occurring without being detected. Not including all appropriate bank accounts in the accounting system could allow unauthorized transactions to occur and go unnoticed.

The Fiscal Officer should reconcile the bank statements to the books on a monthly basis. Any unidentified items found during this reconciliation process should be investigated in a timely manner. All appropriate Village bank accounts should be included in the accounting system.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-003

Material Weakness

The Village has the capability of printing the "Edit List Report" for each batch utility collection processing which reflects adjustments made to customer utility accounts. These adjustments include, but are not limited to, errors entered into the system during manual data entry, and penalties charged to accounts that should not have been charged.

No evidence was provided by the Fiscal Officer that adjustments to customer accounts are presented and approved by the Board of Public Affairs or Village Council on a regular basis. Not having adjustments to customer accounts approved by someone independent of the billing process could result in customers not being billed in accordance with Village Ordinances or Board of Public Affairs intentions.

Any adjustments to utility customer account information should be approved by a member of the Board of Public Affairs or Village Council before the Fiscal Officer makes the adjustment or within a reasonable time period thereafter.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-004

Material Weakness

An adding machine tape of all billing stubs included in each utility deposit should be attached to the billing stubs in order to ensure all payments were deposited and accurately entered into the utility department computer software.

**VILLAGE OF BELMONT
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-004 (Continued)

Material Weakness (Continued)

During 2013, 9% of the tested transactions could not be traced to an adding machine tape as no adding machine tape was prepared and attached to the billing stubs. Also during our testing we noted that the adding machine tape attached to the billing stubs did not agree to the Edit List Report for 32% of the tested transactions for 2014 and 45% of the tested transactions for 2013. As a result, errors may be made when inputting customer payments into the utility department computer software and may go undetected for an extended period of time. In addition, 14% of the tested transactions in 2014 and 14% in 2013 had billing errors that were unsupported.

An adding machine tape should be prepared by the Fiscal Officer and agreed to the corresponding Edit List Report and deposit. These adding machine tapes should be retained and attached to the representative batch of payment stubs. Adjustments or changes to utility billings should be documented within the batch reports to support all changes to customer billings.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-005

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.131 states a taxing authority of a subdivision may establish a nonexpendable trust fund for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact. The principal of such fund may be invested, and the investment earnings on the principal shall be credited to the fund.

The Village receives interest from a Certificate of Deposit (CD) with the interest to be used for maintaining the Perkins family grave plot. The Perkins Cemetery Fund was classified incorrectly as a special revenue fund as it should be presented as a permanent fund. In addition, the Village received quarterly interest checks from the bank for this CD and posted the interest to the General Fund instead of the Perkins Cemetery Fund. Interest received in 2014 and 2013 was \$100 and \$180, respectively.

Adjustments, with which management agrees, have been posted to the accounting records and are reflected in the accompanying financial statements.

The Village should classify the Perkins Cemetery Fund as a Permanent Fund and post all interest received from this CD to the Perkins Cemetery fund to be spent only on the purpose of maintaining the Perkins family cemetery plot.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-006

Significant Deficiency

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

At December 31, 2014, variances existed between the budgetary receipts, as approved by the County Budget Commission, and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Estimated Resources posted to System</u>	<u>Estimated Resources Certificate</u>	<u>Variance</u>
General	\$240,006	\$240,844	(\$838)
Fire Levy	27,722	28,022	(300)
Water	103,773	83,467	20,306
Sewer	79,826	75,753	4,073

At December 31, 2013, variances existed between the budgetary receipts, as approved by the County Budget Commission, and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Estimated Resources posted to System</u>	<u>Estimated Resources Certificate</u>	<u>Variance</u>
General	\$57,998	\$34,464	\$23,534
Street	38,438	30,700	7,738
Police Levy	11,336	6,465	4,871
Water	70,331	42,435	27,896
Sewer	12,206	4,205	8,001

At December 31, 2014, variances existed between the legislatively approved appropriation resolution/amendments, as noted in the minute record, and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Appropriations posted to System</u>	<u>Appropriation Resolution</u>	<u>Variance</u>
General	\$239,394	\$63,530	\$175,864
Water	103,773	83,467	20,306
Sewer	79,826	75,753	4,073

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-006 (Continued)

Significant Deficiency (Continued)

At December 31, 2013, variances existed between the legislatively approved appropriation resolution/amendments, as noted in the minute record, and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Appropriations posted to System</u>	<u>Appropriation Resolution</u>	<u>Variance</u>
General	\$61,056	\$56,056	\$5,000
Street	37,842	36,426	1,416
Police Levy	10,905	7,551	3,354
Water	69,916	64,109	5,807
Sewer	8,000	12,206	(4,206)

As a result, decisions could be made on inaccurate budget versus actual information.

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

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-007

Noncompliance

Ohio Rev. Code § 5705.39 states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission.

At December 31, 2013, the Village had appropriations that exceeded estimated resources for the following funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Difference</u>
General	\$ 34,464	\$56,056	(\$21,592)
Street	30,700	36,426	(5,726)
Police Levy	6,465	7,551	(1,086)
Water	42,435	64,109	(21,674)
Sewer Debt Reserve	4,205	12,206	(8,001)

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-007 (Continued)

Noncompliance - Ohio Rev. Code § 5705.39 (Continued)

The Village should ensure that the year end balances are submitted to the County Auditor's Office timely so an original amended certificate can be issued, and budgeted amounts can then be accurately entered in the Village's accounting system. The Village should then be able to monitor appropriations and estimated resources and if necessary, file amendments, with the County Auditor to ensure that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. This will help to reduce the risk of disbursements exceeding actual revenues available and will add a measure of control over the Village's budgetary process.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

FINDING NUMBER 2014-008

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

At December 31, 2014, the following funds had expenditures which exceeded appropriations:

Fund	Appropriations	Expenditures	Variance
General	\$63,530	\$210,689	(\$147,159)
Water	83,467	99,473	(16,006)

At December 31, 2013, the following funds had expenditures which exceeded appropriations:

Fund	Appropriations	Expenditures	Variance
General	\$56,056	\$59,928	(\$3,872)
Street	36,426	36,988	(562)

As a result, deficit spending could occur.

The Village Council and Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village Council should either take the necessary steps to adopt those additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Officials' Response: The management for the Village is changing and this issue will be addressed by the new officials.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Admin. Code § 117-2-02(A) for various posting errors.	No	Not Corrected; Re-issued as Finding 2014-001.
2012-002	Material Weakness for monthly reconciliation controls.	No	Not Corrected; Re-issued as Finding 2014-002.
2012-003	Ohio Rev. Code § 5705.36 for incorrect unencumbered balances reported to the County Auditor.	Yes	N/A.

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Dave Yost • Auditor of State

VILLAGE OF BELMONT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 18, 2016**