



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BELMONT
BELMONT COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	5
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Propriety Fund Types - For the Year Ended December 31, 2020	6
Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types - For the Year Ended December 31, 2020	7
Notes to the Financial Statements for the Year Ended December 31, 2020.....	9
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	19
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Propriety and Fiduciary Fund Types - For the Year Ended December 31, 2019	20
Notes to the Financial Statements for the Year Ended December 31, 2019.....	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Schedule of Findings.....	33
Summary Schedule of Prior Audit Findings (Prepared by Management)	37

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Belmont, Belmont County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 14 to the financial statements for 2019, there is a restatement of beginning fund balances for the following opinion units: General, Special Revenue, Permanent and Enterprise. The January 1, 2019 fund balances have been restated to reflect corrected errors in previous audits. Also, as discussed in Note 14 and 15 to the financial statements for 2020 and 2019, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2021

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**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$29,483	\$27,930	\$0	\$57,413
Intergovernmental	33,016	120,228	0	153,244
Charges for Services	6,558	297,338	0	303,896
Fines, Licenses and Permits	12,748	0	0	12,748
Earnings on Investments	1,411	0	100	1,511
Miscellaneous	125,503	34,272	0	159,775
<i>Total Cash Receipts</i>	<u>208,719</u>	<u>479,768</u>	<u>100</u>	<u>688,587</u>
Cash Disbursements				
Current:				
Security of Persons and Property	9,519	528,698	0	538,217
Public Health Services	0	12,500	0	12,500
Leisure Time Activities	0	0	0	0
Transportation	0	38,775	0	38,775
General Government	119,375	286	0	119,661
Debt Service:				
Principal Retirement	9,189	0	0	9,189
Interest and Fiscal Charges	102	0	0	102
<i>Total Cash Disbursements</i>	<u>138,185</u>	<u>580,259</u>	<u>0</u>	<u>718,444</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>70,534</u>	<u>(100,491)</u>	<u>100</u>	<u>(29,857)</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	25,680	0	25,680
Transfers Out	(25,680)	0	0	(25,680)
Other Financing Sources	0	89	0	89
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,680)</u>	<u>25,769</u>	<u>0</u>	<u>89</u>
<i>Net Change in Fund Cash Balances</i>	44,854	(74,722)	100	(29,768)
<i>Fund Cash Balances, January 1</i>	<u>248,218</u>	<u>222,126</u>	<u>40,831</u>	<u>511,175</u>
<i>Fund Cash Balances, December 31</i>	<u>\$293,072</u>	<u>\$147,404</u>	<u>\$40,931</u>	<u>\$481,407</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BELMONT
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$253,097
<i>Total Operating Cash Receipts</i>	<i>253,097</i>
Operating Cash Disbursements	
Personal Services	60,502
Employee Fringe Benefits	8,528
Contractual Services	84,554
Supplies and Materials	6,688
Other	19,856
<i>Total Operating Cash Disbursements</i>	<i>180,128</i>
<i>Operating Income</i>	<i>72,969</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	3,869
Principal Retirement	(47,084)
Interest and Other Fiscal Charges	(20,436)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(63,651)</i>
<i>Net Change in Fund Cash Balances</i>	<i>9,318</i>
<i>Fund Cash Balances, January 1</i>	<i>43,957</i>
<i>Fund Cash Balances, December 31</i>	<i>\$53,275</i>

See accompanying notes to the basic financial statements

**VILLAGE OF BELMONT
BELMONT COUNTY**

**STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses, and Permits Collected for Distribution	10,020
<i>Total Additions</i>	10,020
Deductions	
Distributions to Other Governments	2,400
Distributions to Other Funds (Primary Gov't)	7,620
<i>Total Deductions</i>	10,020
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$0

See accompanying notes to the basic financial statements

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Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

Sewer Debt Sinking Fund The sewer debt sinking is funded through debt service charges on utility bills and is used to pay debt payments for water and sewer related debt.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for fines, bonds and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village and Belmont County.

Basis of Accounting

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

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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.

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.

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 re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

The village has one CD with Wesbanco Bank for the Perkins Cemetery Plot.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,961	\$208,719	(\$50,242)
Special Revenue	490,481	505,537	15,056
Enterprise	292,300	256,966	(35,334)
Permanent	110	100	(10)
Total	\$1,041,852	\$971,322	(\$70,530)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$519,581	\$163,865	\$355,716
Special Revenue	731,352	580,259	151,093
Enterprise	335,580	247,648	87,932
Permanent	541	0	541
Total	\$1,587,054	\$991,772	\$595,282

Note 4 – Deposits

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

Demand deposits	2020 \$494,682
Certificate of Deposit	40,000
Total deposits	\$534,682

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 – Taxes

Property Taxes

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

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

Note 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Risk Pool Membership

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019 (the latest information available):

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

The Village had four paid policemen in 2020. These employees paid into OPERS instead of the Ohio Police and Fire Retirement System (OP&F).

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

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9- Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Revenue Refunding Bonds	\$567,408	2.75%
Water Tank Rehabilitation Project Bonds	40,483	4.36%
OPWC Loan	89,298	2.00%
Total	\$697,189	

The Sanitary Sewer System Revenue Refunding Bonds were issued for the purpose of refinancing Sanitary Sewer System Mortgage Revenue Bonds through USDA. The USDA Bonds were originally obtained for the purpose of paying part of the cost of certain sanitary sewer improvements. The Refunding Bonds were issued in 2019 for \$600,000 at 2.75% interest for 15 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 9– Debt (Continued)

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.

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

Amortization

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

Year Ending December 31:	OPWC Loan	Water Tank Project Bonds	Sewer Refunding Bonds
2021	\$12,135	\$6,166	\$49,235
2022	12,135	6,166	49,235
2023	12,135	6,166	49,235
2024	12,135	6,166	49,235
2025	12,135	6,166	50,155
2026-2030	42,473	16,955	250,775
2031-2034			200,620
Total	<u>\$103,148</u>	<u>\$47,785</u>	<u>\$698,490</u>

Note 10 – Construction and Contractual Commitments

Belmont and Bethesda also have received a loan through the Local Government Innovations Fund to purchase a street cleaner. Belmont and Bethesda share a 50% interest in the cost and expenses for the cleaner.

Note 11 – 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.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 – Public Entity Risk Pool

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

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable:	
Corpus	\$40,000

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$15,619	\$22,472	\$0	\$38,091
Intergovernmental	42,159	80,496	0	122,655
Charges for Services	10,133	218,305	0	228,438
Fines, Licenses and Permits	6,281	0	0	6,281
Earnings on Investments	2,291	0	100	2,391
Miscellaneous	196,750	10,490	0	207,240
<i>Total Cash Receipts</i>	<u>273,233</u>	<u>331,763</u>	<u>100</u>	<u>605,096</u>
Cash Disbursements				
Current:				
Security of Persons and Property	7,494	200,503	0	207,997
Public Health Services	0	14,871	0	14,871
Leisure Time Activities	0	0	0	0
Transportation	0	47,054	0	47,054
General Government	143,422	0	0	143,422
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	13,851	31,647	0	45,498
Interest and Fiscal Charges	517	136	0	653
<i>Total Cash Disbursements</i>	<u>165,284</u>	<u>294,211</u>	<u>0</u>	<u>459,495</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>107,949</u>	<u>37,552</u>	<u>100</u>	<u>145,601</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	18,000	0	18,000
Transfers Out	(38,000)	0	0	(38,000)
Advances In	12,000	0	0	12,000
Advances Out	(5,000)	0	0	(5,000)
Other Financing Sources	0	50	0	50
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(31,000)</u>	<u>18,050</u>	<u>0</u>	<u>(12,950)</u>
<i>Net Change in Fund Cash Balances</i>	76,949	55,602	100	132,651
<i>Fund Cash Balances, January 1 (Restated See Note 14)</i>	<u>171,269</u>	<u>166,524</u>	<u>40,731</u>	<u>378,524</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	40,000	40,000
Restricted	0	222,458	831	223,289
Assigned	248,218	0	0	248,218
Unassigned	0	(332)	0	(332)
<i>Fund Cash Balances, December 31</i>	<u>\$248,218</u>	<u>\$222,126</u>	<u>\$40,831</u>	<u>\$511,175</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BELMONT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$235,495	\$0	\$235,495
<i>Total Operating Cash Receipts</i>	<u>235,495</u>	<u>0</u>	<u>235,495</u>
Operating Cash Disbursements			
Personal Services	56,435	0	56,435
Employee Fringe Benefits	7,145	0	7,145
Contractual Services	80,694	0	80,694
Supplies and Materials	17,905	0	17,905
Other	19,763	0	19,763
<i>Total Operating Cash Disbursements</i>	<u>181,942</u>	<u>0</u>	<u>181,942</u>
<i>Operating Income</i>	<u>53,553</u>	<u>0</u>	<u>53,553</u>
Non-Operating Receipts (Disbursements)			
Sale of Bonds	600,000	0	600,000
Mayors Court Fines and Fees	0	1,260	1,260
Mayors Court Distribution of Fines and Fees	0	(1,754)	(1,754)
Principal Retirement	(662,641)	0	(662,641)
Interest and Other Fiscal Charges	(56,932)	0	(56,932)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(119,573)</u>	<u>(494)</u>	<u>(120,067)</u>
<i>Income (Loss) before Advances</i>	<u>(66,020)</u>	<u>(494)</u>	<u>(66,514)</u>
Transfers In	20,000	0	20,000
Advances In	5,000	0	5,000
Advances Out	(12,000)	0	(12,000)
<i>Net Change in Fund Cash Balances</i>	<u>(53,020)</u>	<u>(494)</u>	<u>(53,514)</u>
<i>Fund Cash Balances, January 1 (Restated See Note 14)</i>	<u>96,977</u>	<u>494</u>	<u>97,471</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$43,957</u></u>	<u><u>\$0</u></u>	<u><u>\$43,957</u></u>

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

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

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

Sewer Debt Sinking Fund The sewer debt sinking is funded through debt service charges on utility bills and is used to pay debt payments for water and sewer related debt.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and agency funds.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for fines, bonds and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village and Belmont County.

Basis of Accounting

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

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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.

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.

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 re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

The village has one CD with Wesbanco Bank for the Perkins Cemetery Plot.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Debt Reserve Fund by \$43,345 for the year ended December 31, 2019.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,015	\$285,233	\$90,218
Special Revenue	296,464	349,813	53,349
Enterprise	871,119	860,495	(10,624)
Permanent	0	100	100
Total	\$1,362,598	\$1,495,641	\$133,043

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$382,255	\$208,284	\$173,971
Special Revenue	447,389	294,211	153,178
Enterprise	924,779	913,515	11,264
Total	\$1,754,423	\$1,416,010	\$338,413

Note 5 – Deposits

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

Demand deposits	2019 \$515,132
Certificate of Deposit	40,000
Total deposits	\$555,132

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 6 – Taxes

Property Taxes

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

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

Note 7 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Risk Pool Membership

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

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

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

The Village had three paid policemen in 2019. These employees paid into OPERS instead of the Ohio Police and Fire Retirement System (OP&F).

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

Note 9 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Revenue Refunding Bonds	\$600,000	2.75%
Water Tank Rehabilitation Project Bonds	44,779	4.36%
Truck Acquisition General Obligation Bonds	9,193	2.90%
OPWC Loan	99,494	2.00%
Total	\$753,466	

The Sanitary Sewer System Revenue Refunding Bonds were issued for the purpose of refinancing Sanitary Sewer System Mortgage Revenue Bonds through USDA. The USDA Bonds were originally obtained for the purpose of paying part of the cost of certain sanitary sewer improvements. The Refunding Bonds were issued in 2019 for \$600,000 at 2.75% interest for 15 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 10– Debt (Continued)

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.

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

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

Amortization

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

Year Ending December 31:	OPWC Loan	Truck Acquisition Bonds	Water Tank Project Bonds	Sewer Refunding Bonds
2020	\$12,135	\$9,298	\$6,166	\$49,235
2021	12,135		6,166	49,235
2022	12,135		6,166	49,235
2023	12,135		6,166	49,235
2024	12,135		6,166	49,235
2025-2029	54,608		23,121	250,775
2030-2034				250,775
Total	<u>\$115,283</u>	<u>\$9,298</u>	<u>\$53,951</u>	<u>\$747,725</u>

Note 11 – Construction and Contractual Commitments

Belmont and Bethesda also have received a loan through the Local Government Innovations Fund to purchase a street cleaner. Belmont and Bethesda share a 50% interest in the cost and expenses for the cleaner.

Note 12 – 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.

Village of Belmont, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 13 – Public Entity Risk Pool

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

Note 14 – Restatement of Fund Balance

For 2019, it was determined that the total of prior year unadjusted misstatements exceeded materiality in several funds and it was determined to be necessary to adjust prior year ending balances. These restatements had the following effects on fund balances of the Village as they were previously reported at December 31, 2018:

	General	Special Revenue	Permanent	Enterprise	Total
Fund Balance December 31, 2018	\$184,336	\$153,828	\$40,331	\$97,006	\$475,501
Unadjusted Prior Year Misstatements	(13,067)	12,696	400	(29)	0
Adjusted Fund Balance December 31, 2018	<u>\$171,269</u>	<u>\$166,524</u>	<u>\$40,731</u>	<u>\$96,977</u>	<u>\$475,501</u>

Note 15 – Subsequent Event

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

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OHIO AUDITOR OF STATE KEITH FABER



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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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Belmont, Belmont County, Ohio (the Village), and have issued our report thereon dated June 10, 2021, 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 Village restated the January 1, 2019 fund balances to correct errors from previous audits. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-002 and 2020-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 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 2020-001.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2021

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Sewer Debt Reserve Fund had expenditures in excess of appropriations of \$43,345, as of December 31, 2019.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2020-002

Material Weakness

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

The Ohio Village Officer's Handbook (revised August 2020) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records 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 always record receipts and disbursements into accurate classifications, or record all such transactions, based upon the source of the receipt or the nature of the disbursement.

Also, the Village did not always properly classify its December 31, 2019 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

We noted the following in 2020 and 2019:

- In the Mayor's Court custodial fund the state distributions were posted to Distributions to Other Funds (Primary Gov't) instead of Distributions to Other Governments in the amount of \$2,400 in 2020.
- Voided checks were incorrectly written off by a fund balance adjustment instead of Other Financing Sources in the Street Construction Maintenance and Repair Fund in the total amount of \$89 in 2020.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

**FINDING NUMBER 2020-002
(Continued)**

Material Weakness (Continued)

- Water and sewer revenue was posted to Special Assessments instead of Charges for Services in the Sewer Debt Sinking Fund in the amount of \$13,186 in 2019.
- Water and sewer revenue was posted to Miscellaneous Revenue instead of Charges for Services in the Water Debt Service Fund in the amount of \$3,597 in 2019.
- The General Fund amount appropriated over estimated receipts in the next fiscal year was classified as Unassigned rather than Assigned Fund Balance in the amount of \$248,218 in 2019.
- The Permanent Fund corpus amount of the trust fund was classified as Restricted instead of Nonspendable Fund Balance in the amount of \$40,000 in 2019.
- A voided check was incorrectly written off by a fund balance adjustment instead of Other Financing Sources in the Street Construction Maintenance and Repair Fund in the amount of \$50 in 2019.

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

We also noted the following in 2020 and 2019:

- Homestead and Rollback receipts were posted to Taxes instead of Intergovernmental Revenue in the General, Police Levy and Fire Levy Funds in the amounts of \$2,991, \$939 and \$1,671, respectively, in 2020.
- Payments made to contractors by Ohio Public Works Commission (OPWC) on behalf of the Village were not posted in the amount of \$17,686 in 2020 in the Miscellaneous Special Revenue Fund.
- Electricity for the Municipal Hall was posted to Security of Persons and Property instead of General Government in the General Fund in the total amount of \$3,504 in 2020.
- Debt payment for Fire Equipment was posted to Security of Persons and Property instead of Principal in the Fire Levy Fund in the amount of \$2,037 in 2019.
- Second Half Real Estate Settlement was posted to Intergovernmental instead of Taxes in the General Fund in the amount of \$7,249 in 2019.
- Homestead and Rollback receipts were posted to Taxes instead of Intergovernmental Revenue in the General, Street Construction Maintenance & Repair, Police Levy and Fire Levy Funds in the amounts of \$1,530, \$35, \$454 and \$781, respectively, in 2019.
- Paint and materials for gym renovations and a basketball hoop system was posted to General Government instead of Leisure Time Activities in the General Fund in the total amount of \$3,934 in 2019.
- Electricity for the Municipal Hall was posted to Security of Persons and Property instead of General Government in the General Fund in the total amount of \$1,693 in 2019.

As these errors are not significant to the opinion units affected in 2020 or 2019, the adjustments noted above were agreed to by management but are not reflected in the accompanying financial statements.

The Village did not have a control process in place to help ensure receipts, expenditures, and fund balances are recorded in the correct classification.

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

**FINDING NUMBER 2020-002
(Continued)**

Material Weakness (Continued)

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

The Village Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure. Also, the Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

FINDING NUMBER 2020-003

Material Weakness

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The following variances occurred in 2020:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
Police Levy	\$37,642	\$47,642	(\$10,000)
Emergency Medical Squad	142,500	167,500	(25,000)

**VILLAGE OF BELMONT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

**FINDING NUMBER 2020-003
(Continued)**

Material Weakness (Continued)

The following variances occurred in 2019:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
General	\$195,015	\$191,154	\$3,861
Street Construction, Repair and Maintenance	42,488	48,595	(6,107)
Emergency Medical Squad	79,952	81,200	(1,248)
Water Operating	108,801	116,500	(7,699)

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The following variances occurred in 2020:

Fund	Approved Appropriations	Appropriations posted to the System	Variance
Emergency Medical Squad	\$215,297	\$190,297	(\$25,000)

The following variances occurred in 2019:

Fund	Approved Appropriations	Appropriations posted to the System	Variance
Sewer Debt Reserve	\$0	\$43,345	\$43,345

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from the Officials to the findings reported above.

VILLAGE OF BELMONT, OHIO

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness for errors in posting of receipts and expenditures classifications.	Not Corrected	We will work to correct this in the future.
2018-002	Material Weakness for errors in fund balance classifications.	Not Corrected	We will work to correct this in the future.
2018-003	Material Weakness for errors in budgetary amounts posted to system.	Not Corrected	We will work to correct this in the future.
2018-004	Ohio Rev. Code Chapter 133 regarding unauthorized debt.	Finding no Longer Valid	The debt is paid off.
2018-005	Ohio Rev. Code § 5705.10 for posting of receipts to incorrect funds.	Not Corrected	We will work to correct this in the future. Reported in the management letter.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BELMONT

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/24/2021

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