



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF POWHATAN POINT
BELMONT COUNTY
DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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	3
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2020	4
Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2020	5
Notes to the Financial Statements for the Year Ended December 31, 2020.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	17
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	18
Notes to the Financial Statements for the Year Ended December 31, 2019.....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Schedule of Findings.....	31
Summary Schedule of Prior Audit Findings (Prepared by Management).....	38

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Village of Powhatan Point
Belmont County
104 Mellott Street
Powhatan Point, Ohio 43942

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 Powhatan Point, 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 Matter

As discussed in Note 14 and 13 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 January 26, 2022 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

January 26, 2022

**VILLAGE OF POWHATAN POINT
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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$45,616	\$112,398	\$158,014
Municipal Income Tax	179,566	83,855	263,421
Intergovernmental	255,518	271,921	527,439
Charges for Services	0	266,347	266,347
Fines, Licenses and Permits	26,286	6,048	32,334
Earnings on Investments	485	82	567
Miscellaneous	34,252	17,446	51,698
<i>Total Cash Receipts</i>	<u>541,723</u>	<u>758,097</u>	<u>1,299,820</u>
Cash Disbursements			
Current:			
Security of Persons and Property	199,080	253,639	452,719
Public Health Services	4,277	0	4,277
Basic Utility Services	11,975	21,521	33,496
Transportation	0	196,799	196,799
General Government	138,492	35,572	174,064
Capital Outlay	0	112,787	112,787
Debt Service:			
Principal Retirement	0	20,326	20,326
Interest and Fiscal Charges	0	1,363	1,363
<i>Total Cash Disbursements</i>	<u>353,824</u>	<u>642,007</u>	<u>995,831</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>187,899</u>	<u>116,090</u>	<u>303,989</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	25,000	25,000
Transfers Out	(25,000)	0	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	162,899	141,090	303,989
<i>Fund Cash Balances, January 1</i>	<u>190,969</u>	<u>833,128</u>	<u>1,024,097</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$353,868</u></u>	<u><u>\$974,218</u></u>	<u><u>\$1,328,086</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF POWHATAN POINT
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	\$736,645
<i>Total Operating Cash Receipts</i>	<i>736,645</i>
Operating Cash Disbursements	
Personal Services	230,506
Employee Fringe Benefits	96,387
Contractual Services	102,412
Supplies and Materials	138,528
Other	450
<i>Total Operating Cash Disbursements</i>	<i>568,283</i>
<i>Operating Income</i>	<i>168,362</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	20,123
Capital Outlay	(131,780)
Principal Retirement	(38,352)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(150,009)</i>
<i>Net Change in Fund Cash Balances</i>	<i>18,353</i>
<i>Fund Cash Balances, January 1</i>	<i>1,128,502</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,146,855</i>

See accompanying notes to the basic financial statements

**VILLAGE OF POWHATAN POINT
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	\$39,989
<i>Total Additions</i>	39,989
Deductions	
Distributions to Other Governments	9,076
Distributions to Other Funds (Primary Gov't)	28,318
<i>Total Deductions</i>	37,394
<i>Net Change in Fund Balances</i>	2,595
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$2,595

See accompanying notes to the basic financial statements

This page intentionally left blank.

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

Note 1 - Reporting Entity

The Village of Powhatan Point, Belmont County (the Village), 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 and sewer utilities, park operations, and police.

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

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in the Ohio Municipal League Group Rating Plan (GRP) for workers compensation, and Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 6, 10 and 11 to the financial statements provides additional information for these entities.

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

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:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax, municipal income tax, and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund The state highway fund receives a portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village.

Fire and Emergency Fund The fire and emergency fund receives property tax, fire and emergency contracts and emergency medical service revenues to operate the Village's volunteer fire department and emergency squad.

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives a portion of the motor vehicle license tax restricted for construction, maintenance and repair of streets within the Village.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Mayor's Court Computer Fund The mayor's court computer fund receives a portion of fines collected restricted for the Mayor's Court of the Village.

Police Disability and Pension Fund The police disability and pension fund receives property tax revenues and is restricted to pay the full-time police personnel's Village matching contribution.

Police Equipment Fund The police equipment fund receives a portion of fines collected restricted for use by the Police Department to purchase equipment.

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.

Water and Sewer Surcharge Funds The utility surcharge funds are restricted for use by the Utility Departments for various plant expenditures.

Fiduciary Funds Fiduciary funds include private purpose trust funds and Custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to hold report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activity of the Village's Mayor's Court.

Basis of Accounting

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 Council 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.

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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 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 values certificates of deposits at cost.

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:

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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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	\$412,500	\$541,723	\$129,223
Special Revenue	505,394	783,097	277,703
Capital Projects	200,000	0	(200,000)
Enterprise	685,100	756,768	71,668
Total	\$1,802,994	\$2,081,588	\$278,594

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$550,188	\$381,475	\$168,713
Special Revenue	1,051,000	645,873	405,127
Capital Projects	300,000	0	300,000
Enterprise	1,252,000	743,202	508,798
Total	\$3,153,188	\$1,770,550	\$1,382,638

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit accounts are as follows:

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

Note 4 – Deposits (Continued)

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$1,434,941
Certificates of deposit	65,000
Other time deposits (savings and NOW accounts)	975,000
Total deposits	2,474,941
Total carrying amount of deposits held in the Pool (ties to FS)	\$2,474,941
 <i>Segregated Accounts - Not held in the Pool:</i>	
Utility Business Checking Account (Not held in Pool)	\$59,564
Mayor's Court Checking Account (Not held in Pool)	2,595
Firemen's Fund Checking Account (Not held in Pool)	3,829
Total Outside Accounts	\$65,988

The Village has a Utility Business Checking Account, Mayor’s Court Checking Account, and a Firemen’s Fund Checking Account not held in the pool. These entire account balances are paid into the Village in the month following their receipt.

Deposits

Deposits are insured by the Federal Deposit 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.

At December 31, 2020, \$309,564 of deposits were not insured or collateralized, contrary to Ohio Rev. Code § 135.18.

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.

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

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

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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

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.

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:

<u>2020</u>	
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

During 2020, there were no significant changes of coverage from the prior year. Contributions to PEP in 2020 were \$37,500.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

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

Note 7 - Defined Benefit Pension Plans (Continued)

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (5280)	\$244,900	0%
Ohio Water Development Authority Loan (8149)	269,069	0%
United States Department of Agriculture Loan	13,900	4%
United States Department of Agriculture Loan	14,900	3.5%
Ohio Public Works Commission	20,064	0%
Stryker Flex Financial	8,978	0%
Total	<u>\$571,811</u>	

The Ohio Water Development Authority (OWDA) loan 5280 relates to the water line replacement. The Village financed \$811,825. \$320,000 of the loan was reduced through an ARRA Principal Forgiveness Grant. The Village makes semi-annual payments of \$12,245. The loan has a maturity date of July 1, 2030. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The OWDA loan 8149 relates to the sewer lift station replacement. The Village financed \$290,887 and will make semi-annual payments of \$7,272. The loan has a maturity date of January 1, 2039. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The United States Department of Agriculture (USDA) approved a loan in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments of approximately \$3,800, including 4% interest.

The USDA approved a loan in the amount of \$24,000 to the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$5,300 over the next five years.

The Ohio Public Works Commission (OPWC) approved a loan in the amount of \$36,479. This loan relates to resurfacing State Route 7. The Village will repay the loan in semi-annual payments of \$1,824 over the next ten years.

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

Note 9 – Debt (Continued)

Stryker Flex Financial Loan approved a loan in the amount of \$26,934 to purchase medical equipment. The Village will repay the loan in yearly payments of approximately \$8,978 over the next three years.

The Village’s taxing authority collateralize the USDA, OPWC, and Stryker Flex Financial Loans’.

Amortization

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

Year Ending December 31:	OWDA Loan (5280)	OWDA Loan (8149)	USDA Loan (2014)	OPWC	USDA (2018) Loan	Stryker Flex Financial
2021	\$24,490	\$14,544	\$3,856	\$1,824	\$5,322	\$8,978
2022	24,490	14,544	3,824	3,648	5,353	0
2023	24,490	14,544	3,788	3,648	5,279	0
2024	24,490	14,544	3,848	3,648	0	0
2025	24,490	14,544	0	3,648	0	0
2026-2030	122,450	72,722	0	3,648	0	0
2031-2035	0	72,722	0	0	0	0
2036-2040	0	50,905	0	0	0	0
Total	<u>\$244,900</u>	<u>\$269,069</u>	<u>\$15,316</u>	<u>\$20,064</u>	<u>\$15,954</u>	<u>\$8,978</u>

Note 10 – Jointly Governed Organizations

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Council is not dependent upon the Village of Powhatan Point for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2020, the Village made one payment of \$525 to Bel-O-Mar Regional Council.

Note 11 – 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 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 Powhatan Point, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend. 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:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$2,651	\$3,865	\$4,787	\$11,303

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue 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 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may 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 recognized 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.

Note 15 – Subsequent Events

1. During the January 20, 2021 meeting, Council approved Ordinance #1255 authorizing the issuance of \$13,000 of bonds for the purpose of acquiring a police cruiser with related equipment through USDA to be paid from the Police Cruiser Fund. During the February 17, 2021 meeting, Council indicated that the USDA grant of \$39,000 for the police cruiser was deposited with the Village.
2. During the March 17, 2021 meeting, Council approved \$1.00 per hour pay increase for Village union workers and both full and part-time police department employees beginning April 5, 2021. Additionally, during the December 20, 2021 meeting, Council approved another \$1.00 per hour pay increase for Village union workers and full and part-time police department employees beginning February 1, 2022.
3. During the October 20, 2021 meeting, Council approved a contract with Ohio-West Virginia Excavating for \$189,419 for a boat ramp project. Further, during the November 8, 2021 special meeting, Council accepted \$150,000 grant agreement with Ohio Department of Natural Resources for the boat ramp project.
4. On November 22, 2021, the Village entered into a commercial loan with Belmont Savings Bank for \$120,546 to purchase an ambulance.

This page intentionally left blank.

**VILLAGE OF POWHATAN POINT
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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$52,695	\$113,166	\$165,861
Municipal Income Tax	214,926	\$89,960	304,886
Intergovernmental	43,442	101,925	145,367
Charges for Services	1,450	281,368	282,818
Fines, Licenses and Permits	26,082	4,302	30,384
Earnings on Investments	2,565	311	2,876
Miscellaneous	46,641	132,173	178,814
<i>Total Cash Receipts</i>	<u>387,801</u>	<u>723,205</u>	<u>1,111,006</u>
Cash Disbursements			
Current:			
Security of Persons and Property	124,627	272,617	397,244
Public Health Services	1,990	0	1,990
Basic Utility Services	9,728	23,910	33,638
Transportation	0	240,252	240,252
General Government	146,419	2,941	149,360
Capital Outlay	181,599	89,320	270,919
Debt Service:			
Principal Retirement	3,000	15,302	18,302
Interest and Fiscal Charges	800	780	1,580
<i>Total Cash Disbursements</i>	<u>468,163</u>	<u>645,122</u>	<u>1,113,285</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(80,362)</u>	<u>78,083</u>	<u>(2,279)</u>
Other Financing Receipts (Disbursements)			
Loans Issued	0	26,935	26,935
Sale of Capital Assets	1,013	8,119	9,132
Transfers In	0	30,000	30,000
Transfers Out	(30,000)	0	(30,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,987)</u>	<u>65,054</u>	<u>36,067</u>
<i>Net Change in Fund Cash Balances</i>	(109,349)	143,137	33,788
<i>Fund Cash Balances, January 1</i>	<u>300,318</u>	<u>689,991</u>	<u>990,309</u>
Fund Cash Balances, December 31			
Restricted	0	736,762	736,762
Committed	0	96,366	96,366
Assigned	137,688	0	137,688
Unassigned	53,281	0	53,281
<i>Fund Cash Balances, December 31</i>	<u>\$190,969</u>	<u>\$833,128</u>	<u>\$1,024,097</u>

See accompanying notes to the basic financial statements

**VILLAGE OF POWHATAN POINT
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	\$811,818	\$0	\$811,818
<i>Total Operating Cash Receipts</i>	<u>811,818</u>	<u>0</u>	<u>811,818</u>
Operating Cash Disbursements			
Personal Services	218,026	0	218,026
Employee Fringe Benefits	91,922	0	91,922
Contractual Services	113,750	0	113,750
Supplies and Materials	177,334	0	177,334
Other	350	0	350
<i>Total Operating Cash Disbursements</i>	<u>601,382</u>	<u>0</u>	<u>601,382</u>
<i>Operating Income</i>	<u>210,436</u>	<u>0</u>	<u>210,436</u>
Non-Operating Receipts (Disbursements)			
Loans Issued	290,887	0	290,887
Mayors Court Fines and Fees	0	30,782	30,782
Mayors Court Distribution of Fines and Fees	0	(32,224)	(32,224)
Miscellaneous Receipts	3,753	0	3,753
Capital Outlay	(334,750)	0	(334,750)
Principal Retirement	(32,444)	0	(32,444)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,554)</u>	<u>(1,442)</u>	<u>(73,996)</u>
<i>Net Change in Fund Cash Balances</i>	137,882	(1,442)	136,440
<i>Fund Cash Balances, January 1</i>	<u>990,620</u>	<u>1,442</u>	<u>992,062</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,128,502</u>	<u>\$0</u>	<u>\$1,128,502</u>

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

Note 1 - Reporting Entity

The Village of Powhatan Point, Belmont County (the Village), 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 and sewer utilities, park operations, and police.

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

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in the Ohio Municipal League Group Rating Plan (GRP) for workers compensation, and Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 6, 10 and 11 to the financial statements provides additional information for these entities.

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

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:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax, municipal income tax, and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund The state highway fund receives a portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village.

Fire and Emergency Fund The fire and emergency fund receives property tax, fire and emergency contracts and emergency medical service revenues to operate the Village's volunteer fire department and emergency squad.

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives a portion of the motor vehicle license tax restricted for construction, maintenance and repair of streets within the Village.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Mayor's Court Computer Fund The mayor's court computer fund receives a portion of fines collected restricted for the Mayor's Court of the Village.

Police Disability and Pension Fund The police disability and pension fund receives property tax revenues and is restricted to pay the full-time police personnel's Village matching contribution.

Police Equipment Fund The police equipment fund receives a portion of fines collected restricted for use by the Police Department to purchase equipment.

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.

Water and Sewer Surcharge Funds The utility surcharge funds are restricted for use by the Utility Departments for various plant expenditures

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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency fund accounts for the activity of the Village's Mayor's Court.

Basis of Accounting

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 Council 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.

Budgetary Process

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 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 values certificates of deposits at cost.

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:

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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$350,300	\$388,814	\$38,514
Special Revenue	560,650	788,259	227,609
Capital Projects	10,000	0	(10,000)
Enterprise	770,250	1,106,458	336,208
Total	\$1,691,200	\$2,283,531	\$592,331

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,371	\$498,351	\$53,020
Special Revenue	1,047,076	645,122	401,954
Capital Projects	250,000	0	250,000
Enterprise	1,205,157	968,576	236,581
Total	\$3,053,604	\$2,112,049	\$941,555

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:

	2019
Demand deposits	\$1,312,599
Certificates of deposit	65,000
Other time deposits (savings and NOW accounts)	775,000
Total deposits	\$2,152,599

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

Note 4 – Deposits (Continued)

Deposits

Deposits are insured by the Federal Deposit 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.

At December 31, 2019, \$321,690 of deposits were not insured or collateralized, contrary to Ohio Rev. Code § 135.18.

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.

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

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

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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.

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
- Law enforcement liability
- Automobile liability
- Vehicles
- Property

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

Note 6 - Risk Management (Continued)

- Equipment breakdown

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

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

During 2019, there were no significant changes of coverage from the prior year. Contributions to PEP in 2019 were \$35,807.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

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

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (5280)	\$269,390	0%
Ohio Water Development Authority Loan (8149)	283,615	0%
United States Department of Agriculture Loan	17,000	4%
United States Department of Agriculture Loan	19,500	3.5%
Ohio Public Works Commission	23,711	0%
Stryker Flex Financial	17,956	0%
Total	\$631,172	

The Ohio Water Development Authority (OWDA) loan 5280 relates to the water line replacement. The Village financed \$811,825. \$320,000 of the loan was reduced through an ARRA Principal Forgiveness Grant. The Village makes semi-annual payments of \$12,245. The loan has a maturity date of July 1, 2030. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The OWDA loan 8149 relates to the sewer lift station replacement. The Village financed \$290,887 and will make semi-annual payments of \$7,272. The loan has a maturity date of January 1, 2039. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The United States Department of Agriculture (USDA) approved a loan in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments of approximately \$3,800, including 4% interest.

The USDA approved a loan in the amount of \$24,000 to the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$5,300 over the next five years.

The Ohio Public Works Commission (OPWC) approved a loan in the amount of \$36,479. This loan relates to resurfacing State Route 7. The Village will repay the loan in semi-annual payments of \$1,824 over the next ten years.

Stryker Flex Financial Loan approved a loan in the amount of \$26,934 to purchase medical equipment. The Village will repay the loan in yearly payments of approximately \$8,978 over the next three years.

The Village’s taxing authority collateralize the USDA, OPWC, and Stryker Flex Financial Loans’.

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

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA Loan (5280)	OWDA Loan (8149)	USDA Loan (2014)	OPWC	USDA (2018) Loan	Stryker Flex Financial
2020	\$24,490	\$14,544	\$3,780	\$3,648	\$5,283	\$8,978
2021	24,490	14,544	3,856	3,648	5,322	8,978
2022	24,490	14,544	3,824	3,648	5,353	0
2023	24,490	14,544	3,788	3,648	5,279	0
2024	24,490	14,544	3,848	3,648	0	0
2025-2029	122,450	72,722	0	5,471	0	0
2030-2034	24,490	72,722	0	0	0	0
2035-2039	0	65,451	0	0	0	0
Total	<u>\$269,390</u>	<u>\$283,615</u>	<u>\$19,096</u>	<u>\$23,711</u>	<u>\$21,237</u>	<u>\$17,956</u>

Note 10 – Jointly Governed Organizations

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Council is not dependent upon the Village of Powhatan Point for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2019, the Village made one payment of \$525 to Bel-O-Mar Regional Council.

Note 11 – 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 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.

Note 13– Subsequent Events

1. 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 may 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 recognized 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.

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

Note 13– Subsequent Events (Continued)

2. During the January 20, 2021 meeting, Council approved Ordinance #1255 authorizing the issuance of \$13,000 of bonds for the purpose of acquiring a police cruiser with related equipment through USDA to be paid from the Police Cruiser Fund. During the February 17, 2021 meeting, Council indicated that the USDA grant of \$39,000 for the police cruiser was deposited with the Village.
3. During the March 17, 2021 meeting, Council approved \$1.00 per hour pay increase for Village union workers and both full and part-time police department employees beginning April 5, 2021. Additionally, during the December 20, 2021 meeting, Council approved another \$1.00 per hour pay increase for Village union workers and full and part-time police department employees beginning February 1, 2022.
4. During the October 20, 2021 meeting, Council approved a contract with Ohio-West Virginia Excavating for \$189,419 for a boat ramp project. Further, during the November 8, 2021 special meeting, Council accepted \$150,000 grant agreement with Ohio Department of Natural Resources for the boat ramp project.
5. On November 22, 2021, the Village entered into a commercial loan with Belmont Savings Bank for \$120,546 to purchase an ambulance.

This page intentionally left blank.

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

Village of Powhatan Point
Belmont County
104 Mellott Street
Powhatan Point, Ohio 43942

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 Powhatan Point, Belmont County, Ohio (the Village), and have issued our report thereon dated January 26, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent period 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 2020-003 through 2020-005 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 and 2020-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 26, 2022

VILLAGE OF POWHATAN POINT
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

Finding for Recovery – Repaid Under Audit

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

Lisa Armann-Blue, the Village’s former Fiscal Officer, was the official responsible for paying bills on time. The former Fiscal Officer did not pay the Wex Bank procurement card monthly statements in a timely manner in 2020 and 2019. This repeated failure to pay these invoices timely is considered gross negligence. As a result of the above mentioned instances regarding Mrs. Armann-Blue, the Village incurred finance charges from Wex Bank. Specifically, the total amount of finance charges that were paid by the Village to Wex Bank in 2020 and 2019 were \$783 and \$482, respectively. The finance charges paid by the Village serve no proper public purpose and could have been avoided had the invoices been paid in a timely manner.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Armann-Blue, former Township Fiscal Officer, in the amount of \$1,265 and in favor of the Village’s General, Street Construction, Maintenance and Repair, Water and Sewer Funds’ in the amounts of \$899, \$37, \$211 and \$118, respectively.

Lisa Armann-Blue repaid the \$1,265 on November 22, 2021 on receipt number 245-2021. The amount was paid into the Village’s General, Street Construction, Maintenance and Repair, Water, and Sewer Funds’.

Officials’ Response: The finding was repaid.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 135.18(A) states that each institution designated as a public depository and awarded public deposits under §§ 135.01 to 135.21 of the Revised Code, except as provided in § 135.44 or 135.145 of the Revised Code, shall provide security for the repayment of all public deposits by selecting one of the following methods: 1) Securing all uninsured public deposits of each public depositor separately as set forth in divisions (B) to (J) of this section; 2) Securing all uninsured public deposits of every public depositor pursuant to § 135.181 or 135.182 of the Revised Code, as applicable, by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

The Village’s financial institution did not secure all uninsured public deposits, as required. At December 31, 2020 and 2019 the Village had an excess of \$309,564 and \$321,690, respectively, that was not covered by the Federal Deposit Insurance Corporation (FDIC) coverage or collateralized by the financial institution. This caused deposits to be uninsured and uncollateralized.

VILLAGE OF POWHATAN POINT
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)

Noncompliance - Ohio Rev. Code § 135.18(A) (Continued)

The Village should require their financial institution to pledge sufficient collateral to adequately protect the Village's deposits. The Village should also regularly monitor its depository balances and pledged collateral by the financial institution to ensure funds are sufficiently collateralized.

Officials' Response: We will contact bank for additional collateral.

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.

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

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (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 always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2020, the following errors were noted:

- The Village did not include Mayor's Court financial activity on the Financial Statements as a Custodial Fund, which resulted in adjustments to Fines, Licenses and Permits Collected for Distribution totaling \$39,989, Distributions to Other Governments totaling \$9,076, and Distributions to Other Funds (Primary Gov't) totaling \$28,318.
- Disbursements for the Village's utility bills should have been classified as Basic Utility Services rather than Security of Persons and Property and General Government for \$242 and \$11,733, respectively, within the General Fund. Further, utilities were improperly classified as Transportation within the Street Fund in the amount of \$18,854, and improperly classified as Security of Persons and Property within the Fire and Emergency Fund in the amount of \$2,667.
- Principal payments within the Fire and Emergency Fund were improperly classified as Capital Outlay and should have been classified as Principal Retirement in the amount of \$8,978.

**VILLAGE OF POWHATAN POINT
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)

For the year ended December 31, 2019, the following errors were noted:

- Disbursements within the Water Operating Fund and Sewer Operating Fund were improperly posted to Supplies and Materials and should have been posted to Contractual Services in the amount of \$1,527 and \$327, respectively.
- The Village did not include Mayor's Court financial activity on the Financial Statements as an Agency Fund, which resulted in adjustments to Mayor Court Fines and Fees totaling \$30,782 and Mayors Court Distribution of Fines and Fees totaling \$32,224.
- Disbursements for the Village's utility bills should have been classified as Basic Utility Services rather than Security of Persons and Property and General Government for \$578 and \$9,150, respectively, within the General Fund. Further, utilities were improperly classified as Transportation within the Street Fund and State Highway Fund in the amounts of \$20,000 and \$298, respectively, and improperly classified as Security of Persons and Property within the Fire and Emergency Fund in the amount of \$3,612.
- The Village fire equipment loan of \$26,935 should have been posted to Loan Proceeds and the corresponding expenditure of \$26,935 should have been posted to Capital Outlay within the Fire and Emergency Fund.
- Ohio Water Development Authority (OWDA) loans issued were improperly classified as Miscellaneous Receipts within the Sewer Operating Fund in the amount of \$49,000. Additionally, OWDA loan proceeds were not posted to the Village ledgers and should have been posted as Loan Proceeds in the amount of \$241,887 and the corresponding expenditure should have been posted to Capital Outlay in the amount of \$241,887 within the Sewer Operating Fund.
- Principal payments within the Fire and Emergency Fund were improperly classified as Capital Outlay and should have been classified as Principal Retirement in the amount of \$8,978.
- A contract payment of \$595 within the Water Operating Fund should have been posted to Contractual Services rather than Supplies and Materials.

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

In addition to the reclassifications listed above, we also identified additional misstatements ranging from \$445 to \$2,719 in 2020 and \$941 to \$8,470 in 2019 that we have brought to the Village's attention.

The Ohio Village Officer's Handbook also provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

The Village's restrictions on the Building, Construction & Capital Improvements Special Revenue Fund is internally imposed by Council. Therefore, the Building, Construction & Capital Improvements fund balance should be classified as Committed rather than Restricted Fund Balance. In 2019, the Village improperly classified \$96,366 to Restricted in the Building, Construction & Capital Improvements Fund rather than Committed.

VILLAGE OF POWHATAN POINT
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)

Also, the Village did not properly classify the excess of appropriations over expected revenues and outstanding encumbrances to Assigned in the General Fund. In 2019, \$137,688 was improperly classified as Unassigned rather than Assigned.

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

The Village does not have procedures in place to help ensure receipts/expenditures/fund balance are properly classified on the financial statements.

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

The Fiscal Officer should refer to the Ohio Village Handbook for proper receipt, expenditure, and fund balance classifications and take additional care in posting transactions to the Village ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

Officials' Response: The Village has a contract with a traveling Fiscal Officer to train on proper classification and assist with financial reports.

FINDING NUMBER 2020-004

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:

**VILLAGE OF POWHATAN POINT
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 2020-004
(Continued)**

Material Weakness (Continued)

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
General	\$412,500	\$562,500	(\$150,000)
Street Construction	140,500	190,500	(50,000)
Police Disability and Pensior	5,694	5,000	694

The following variances occurred in 2019:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts posted to the System	Variance
General	\$350,300	\$550,300	(\$200,000)
Police Equipment	5,000	35,000	(30,000)
Grant Construction	10,000	250,000	(240,000)

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
General	\$550,000	\$539,850	(\$10,150)
Street Construction	225,000	219,500	(5,500)
State Highway	10,000	9,500	(500)
Permissive Motor Vehicle License	125,000	90,000	(35,000)
Police Disability and Pension	15,000	10,600	(4,400)
Fire and Emergency	400,000	397,500	(2,500)
Enforcement and Education	1,500	500	(1,000)
Mayor's Court Computer	9,500	3,000	(6,500)
Police Cruiser	60,000	55,283	(4,717)
Building Construction and Maintenance	130,000	50,000	(80,000)
Grants Construction	300,000	200,000	(100,000)
Water Operating	600,000	540,500	(59,500)
Sewer Operating	350,000	348,500	(1,500)
Water Surcharge	150,000	75,000	(75,000)
Sewer Surcharge	150,000	75,000	(75,000)
Utilities Deposited	2,000	1,000	(1,000)

**VILLAGE OF POWHATAN POINT
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 2020-004
(Continued)**

Material Weakness (Continued)

The following variances occurred in 2019:

Fund	Approved Appropriations	Appropriations posted to the System	Variance
General	\$550,000	\$530,150	(\$19,850)
Street Construction	200,000	199,500	(500)
State Highway	10,000	7,300	(2,700)
Permissive Motor Vehicle License	165,000	100,000	(65,000)
Permissive Motor Vehicle License - County	20,000	5,000	(15,000)
Police Disability and Pension	10,000	10,500	500
Fire and Emergency	400,000	361,000	(39,000)
Enforcement and Education	1,500	1,000	(500)
Mayor's Computer Court	9,500	2,500	(7,000)
Police Equipment	40,000	30,000	(10,000)
Police Cruiser	56,000	50,000	(6,000)
Building Construction and Maintenance	130,000	50,000	(80,000)
Water Operating	600,000	524,400	(75,600)
Sewer Operating	350,000	429,300	79,300
Water Surcharge	125,000	75,000	(50,000)
Sewer Surcharge	125,000	75,000	(50,000)
Utilities Deposited	2,000	1,000	(1,000)

Adjustments, in which management agrees, were made to the budgetary activity note to accurately present estimated receipts and appropriations.

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: The Village is working on correcting the budgetary process.

**VILLAGE OF POWHATAN POINT
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 2020-005

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed timely during the audit period.

During 2020, we noted the following:

- January and February, 2020 bank reconciliations were completed on April 20, 2020.
- March and April, 2020 bank reconciliations were completed on August 5, 2020.
- May, June, July, August, September, and October, 2020 bank reconciliations were completed on December 20, 2020.
- November and December, 2020 reconciliations were completed in February, 2021.

During 2019, we noted the following:

- January, February, March and April, 2019 bank reconciliations were completed April 28, 2019.
- April, 2019 bank reconciliation was completed August 29, 2019.
- May, June, July, and August, 2019 bank reconciliations were completed September 11/12, 2019.
- September, October, November and December bank reconciliations were completed February 26/28, 2020.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations timely, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response: The Village has taken steps to ensure bank reconciliations are completed monthly and approved by council.

VILLAGE OF POWHATAN POINT

104 Mellott St.

Powhatan Point, OH. 43942

(740) 795-4201

Christopher Heslep, Mayor

"This institution is an equal opportunity provider and employer."

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance with Ohio Rev. Code § 5705.10 and Material Weakness for receipts not posted to proper funds.	Partially Corrected	The Village is taking steps to correct classifications.
2018-002	Noncompliance with Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources.	Partially Corrected	The Village is taking steps to correct the budgetary process.
2018-003	Material Weakness for improper classifications.	Not Corrected	The Village is taking steps to steps to correct classifications.
2018-004	Material Weakness for approved budgetary amounts not agreeing to the accounting system.	Not Corrected	The Village is taking steps to correct the budgetary process.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF POWHATAN POINT

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 2/10/2022

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

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