



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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 by fund type, and related notes of the Village of Powhatan Point, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

### ***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, 2018 and 2017, 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 by fund type, and related notes of the Village of Powhatan Point, Belmont County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, 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

October 15, 2019

**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, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$53,232	\$108,435	\$161,667
Municipal Income Tax	214,511	105,416	319,927
Intergovernmental	61,290	134,817	196,107
Charges for Services	201	245,572	245,773
Fines, Licenses and Permits	64,525	14,863	79,388
Earnings on Investments	1,687	38	1,725
Miscellaneous	25,018	28,579	53,597
<i>Total Cash Receipts</i>	<u>420,464</u>	<u>637,720</u>	<u>1,058,184</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	151,571	195,357	346,928
Public Health Services	2,419	0	2,419
Transportation	0	167,669	167,669
General Government	163,471	4,502	167,973
Capital Outlay	43,256	147,604	190,860
Debt Service:			
Principal Retirement	2,900	3,648	6,548
Interest and Fiscal Charges	916	0	916
<i>Total Cash Disbursements</i>	<u>364,533</u>	<u>518,780</u>	<u>883,313</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>55,931</u>	<u>118,940</u>	<u>174,871</u>
<b>Other Financing Receipts (Disbursements)</b>			
Loans Issued	24,000	0	24,000
Sale of Capital Assets	175,001	0	175,001
Transfers In	0	185,000	185,000
Transfers Out	(185,000)	0	(185,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>14,001</u>	<u>185,000</u>	<u>199,001</u>
<i>Net Change in Fund Cash Balances</i>	69,932	303,940	373,872
<i>Fund Cash Balances, January 1</i>	<u>230,386</u>	<u>386,051</u>	<u>616,437</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	566,660	566,660
Committed	0	123,331	123,331
Assigned	201,071	0	201,071
Unassigned (Deficit)	99,247	0	99,247
<i>Fund Cash Balances, December 31</i>	<u>\$300,318</u>	<u>\$689,991</u>	<u>\$990,309</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)  
Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$802,892	\$0	\$802,892
<i>Total Operating Cash Receipts</i>	<u>802,892</u>	<u>0</u>	<u>802,892</u>
<b>Operating Cash Disbursements</b>			
Personal Services	195,595	0	195,595
Employee Fringe Benefits	76,721	0	76,721
Contractual Services	115,310	0	115,310
Supplies and Materials	174,043	0	174,043
Other	200	0	200
<i>Total Operating Cash Disbursements</i>	<u>561,869</u>	<u>0</u>	<u>561,869</u>
<i>Operating Income (Loss)</i>	<u>241,023</u>	<u>0</u>	<u>241,023</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Cash Receipts	0	80,677	80,677
Miscellaneous Receipts	7,808	0	7,808
Capital Outlay	(111,419)	0	(111,419)
Principal Retirement	(24,490)	0	(24,490)
Other Non-Operating Cash Disbursements	0	(91,295)	(91,295)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(128,101)</u>	<u>(10,618)</u>	<u>(138,719)</u>
<i>Net Change in Fund Cash Balances</i>	112,922	(10,618)	102,304
<i>Fund Cash Balances, January 1</i>	<u>877,698</u>	<u>12,060</u>	<u>889,758</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$990,620</u></u>	<u><u>\$1,442</u></u>	<u><u>\$992,062</u></u>

*See accompanying notes to the basic financial statements*

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 7, 11 and 12 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, 2018*

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**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.

**Building Construction and Capital Improvement Fund** The building construction and capital improvement fund received a portion of the Village's municipal income tax revenue and is restricted for the Village's building and grounds projects.

**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 Fund** 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, 2018*

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**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 2018 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 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.

**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, 2018*

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 Rev. Code § 5705.10, several receipts were posted to incorrect funds. Additionally, contrary to Ohio Rev. Code § 5705.39, appropriations exceeded total estimated resources in several funds.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,000	\$619,465	\$494,465
Special Revenue	330,000	822,720	492,720
Enterprise	0	810,700	810,700
Total	\$455,000	\$2,252,885	\$1,797,885

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$600,631	\$550,904	\$49,727
Special Revenue	803,000	523,857	279,143
Capital Projects	250,000	0	250,000
Enterprise	1,102,066	700,935	401,131
Total	\$2,755,697	\$1,775,696	\$980,001

**Note 5 – Deposits and Investments**

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

Demand deposits	2018 \$892,371
Certificates of deposit	90,000
Other time deposits (savings and NOW accounts)	1,000,000
Total deposits	\$1,982,371

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Deposits***

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

**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.

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 7 - Risk Management**

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

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

**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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

<u>2018</u>	
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

During 2018, there were no significant changes of coverage from the prior year. Contributions to PEP in 2018 were \$35,223.

**Note 8 - 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, 2018.

***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, 2018.

***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, 2018.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will 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, 2018*

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$293,880	0%
United States Department of Agriculture Loan	20,000	4%
United States Department of Agriculture Loan	24,000	3.5%
Ohio Public Works Commission	25,535	0%
Total	\$363,415	

The Ohio Water Development Authority (OWDA) loan 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 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 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 10 years.

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 5 years.

***Amortization***

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

Year Ending December 31:	OWDA Loan	USDA Loan	OPWC	USDA (2018) Loan
2019	\$24,490	\$3,800	\$3,648	\$5,298
2020	24,490	3,780	3,648	5,283
2021	24,490	3,856	3,648	5,322
2022	24,490	3,824	3,648	5,354
2023	24,490	3,788	3,648	5,279
2024-2028	122,450	3,848	7,295	0
2029-2032	48,980	0	0	0
Total	\$293,880	\$22,896	\$25,535	\$26,536

**Note 11 – 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 2018, the Village made one payment of \$525 to Bel-O-Mar Regional Council.

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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– Subsequent Events**

1. During the March 25, 2019 Council Meeting, the Village accepted a bid from Cast and Baker Corporation of \$169,900 for the Boat Launch Facility and Stop Blocks Capital Improvement Project.
2. During the September 9, 2019 meeting, Village Council authorized the Mayor to apply, accept, and enter into a Water Pollution Control Loan Fund Agreement for Construction of Wastewater Facilities for a sanitary sewer project. The project is anticipated to cost approximately \$800,000.

**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, 2017**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$48,042	\$75,430	\$123,472
Municipal Income Tax	173,604	92,641	266,245
Intergovernmental	39,606	111,300	150,906
Charges for Services	759	106,407	107,166
Fines, Licenses and Permits	83,198	22,702	105,900
Earnings on Investments	1,187	136	1,323
Miscellaneous	16,132	45,682	61,814
<i>Total Cash Receipts</i>	<u>362,528</u>	<u>454,298</u>	<u>816,826</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	172,010	156,807	328,817
Public Health Services	4,854	0	4,854
Leisure Time Activities	2,050	0	2,050
Basic Utility Services	10,296	22,755	33,051
Transportation	0	140,833	140,833
General Government	132,054	1,260	133,314
Capital Outlay	0	54,410	54,410
Debt Service:			
Principal Retirement	2,800	3,648	6,448
Interest and Fiscal Charges	1,028	0	1,028
<i>Total Cash Disbursements</i>	<u>325,092</u>	<u>379,713</u>	<u>704,805</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>37,436</u>	<u>74,585</u>	<u>112,021</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	10,000	10,000
Transfers Out	(10,000)	0	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	27,436	84,585	112,021
<i>Fund Cash Balances, January 1</i>	<u>202,950</u>	<u>301,466</u>	<u>504,416</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	334,102	334,102
Committed	0	51,949	51,949
Assigned	230,386	0	230,386
<i>Fund Cash Balances, December 31</i>	<u>\$230,386</u>	<u>\$386,051</u>	<u>\$616,437</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)**  
**Proprietary and Fiduciary Fund Types**  
**For the Year Ended December 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$825,392	\$0	\$825,392
<i>Total Operating Cash Receipts</i>	<u>825,392</u>	<u>0</u>	<u>825,392</u>
<b>Operating Cash Disbursements</b>			
Personal Services	197,911	0	197,911
Employee Fringe Benefits	78,050	0	78,050
Contractual Services	163,570	0	163,570
Supplies and Materials	161,898	0	161,898
Other	1,394	0	1,394
<i>Total Operating Cash Disbursements</i>	<u>602,823</u>	<u>0</u>	<u>602,823</u>
<i>Operating Income</i>	<u>222,569</u>	<u>0</u>	<u>222,569</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Cash Receipts	0	144,649	144,649
Miscellaneous Receipts	864	0	864
Capital Outlay	(145,123)	0	(145,123)
Principal Retirement	(24,490)	0	(24,490)
Other Non-Operating Cash Disbursements	0	(136,272)	(136,272)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(168,749)</u>	<u>8,377</u>	<u>(160,372)</u>
<i>Net Change in Fund Cash Balances</i>	53,820	8,377	62,197
<i>Fund Cash Balances, January 1</i>	<u>823,878</u>	<u>3,683</u>	<u>827,561</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$877,698</u></u>	<u><u>\$12,060</u></u>	<u><u>\$889,758</u></u>

See accompanying notes to the basic financial statements

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 7, 11 and 12 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, 2017*

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**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.

**Building Construction and Capital Improvement Fund** The building construction and capital improvement fund received a portion of the Village's municipal income tax revenue and is restricted for the Village's building and grounds projects.

**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 Fund** 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, 2017*

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**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 2017 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 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.

**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, 2017*

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 Rev. Code § 5705.10, several receipts were posted to incorrect funds. Additionally, contrary to Ohio Rev. Code § 5705.39, appropriations exceeded total estimated resources in several funds.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$362,528	\$362,528
Special Revenue	50,000	464,298	414,298
Enterprise	150,000	826,256	676,256
Total	\$200,000	\$1,653,082	\$1,453,082

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$477,604	\$335,723	\$141,881
Special Revenue	655,513	379,713	275,800
Capital Projects	250,000	0	250,000
Enterprise	1,036,134	772,502	263,632
Total	\$2,419,251	\$1,487,938	\$931,313

**Note 5 – Deposits and Investments**

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

Demand deposits	2017 \$916,195
Certificates of deposit	90,000
Other time deposits (savings and NOW accounts)	500,000
Total deposits	\$1,506,195

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Deposits***

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

**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.

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 7 - Risk Management**

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Financial Position**

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$22,000.

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

<b><u>2017 Contributions to PEP</u></b>
\$34,871

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

**Note 8 - 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, 2017.

***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.

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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The Village has paid all contributions required through December 31, 2017.

***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, 2017.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$318,371	0%
United States Department of Agriculture Loan	\$22,900	4%
Ohio Public Works Commission	29,183	0%
Total	\$370,454	

The Ohio Water Development Authority (OWDA) loan 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 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 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 10 years.

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Amortization**

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

Year Ending December 31:	OWDA Loan	USDA Loan	OPWC Loan
2018	\$24,490	\$3,816	\$3,648
2019	24,490	3,800	3,648
2020	24,490	3,780	3,648
2021	24,490	3,856	3,648
2022	24,490	3,824	3,648
2023-2027	122,450	7,636	10,943
2028-2032	73,470	0	0
Total	\$318,370	\$26,712	\$29,183

**Note 11 – 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 2017, the Village made one payment of \$525 to Bel-O-Mar Regional Council.

**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– Subsequent Events**

1. During the March 25, 2019 Council Meeting, the Village accepted a bid from Cast and Baker Corporation of \$169,900 for the Boat Launch Facility and Stop Blocks Capital Improvement Project.
2. During the September 9, 2019 meeting, Village Council authorized the Mayor to apply, accept, and enter into a Water Pollution Control Loan Fund Agreement for Construction of Wastewater Facilities for a sanitary sewer project. The project is anticipated to cost approximately \$800,000.

# 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 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 by fund type of the Village of Powhatan Point, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 15, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *A significant deficiency* is a deficiency, or a combination of 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 2018-001, 2018-003, and 2018-004 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 and 2018-002.

***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

October 15, 2019

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Receipts were not always posted to the correct fund based upon the source of the receipt.

During 2018, we noted the following:

- Miscellaneous receipt was improperly posted to the Building, Construction & Capital Improvement Fund that was approved by Council to be posted to the General Fund in the amount of \$5,400.
- Bureau of Worker's Compensation refund was improperly entirely posted to the General Fund as Miscellaneous revenue in the amount of \$12,548 and should have been allocated to the funds that paid the premium. The allocation should have been \$2,116 to the Street Fund, \$2,681 to the Fire and Emergency Fund, \$3,523 to the Sewer Operating Fund, and \$4,228 to the Water Operating Fund, as miscellaneous revenue.
- Motor vehicle registration fees were posted to the Street Fund and should have been posted to the State Highway Fund as Intergovernmental revenue in the amount of \$84.

During 2017, we noted the following:

- Homestead and rollback revenue in the amount of \$4,060 was posted entirely to the General Fund and should have been posted as Intergovernmental revenue within the Police Pension Fund in the amount of \$454, and Fire and Emergency Fund in the amount of \$3,606.
- Motor vehicle registration fees were posted to the Street Fund and should have been posted to the State Highway Fund as Intergovernmental revenue in the amount of \$248.
- Charges for Services revenue was improperly posted to the Sewer Operating Fund and should have been posted to the Water Operating Fund in the amount of \$12,873.

Audit adjustments, with which management agreed, are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement procedures to help ensure all transactions are posted to the proper funds based on the source of the receipt.

**Officials' Response:** We will use available resources to ensure that items are posted properly in the accounting records.

FINDING NUMBER 2018-002

**Noncompliance**

**Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total estimated resources.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-002  
(Continued)

**Noncompliance - Ohio Rev. Code § 5705.39 (Continued)**

Our testing noted for 2018, appropriations exceeded estimated resources by \$244,614, \$180,494, \$32,118, \$192,282 for the General, Street Construction Maintenance and Repair, Fire and Emergency, and Water Operating Funds, respectively. Our testing noted for 2017, appropriations exceeded estimated resources by \$272,050, \$181,384, and \$10,925 for the General, Street Construction Maintenance and Repair, and Police Cruiser Funds, respectively.

The Village failed to file prior year ending unencumbered fund balances with the County Auditor and therefore did not receive an original amended certificate of estimated resources from the County Budget Commission resulting in the above non-compliance. Failure to limit appropriations to total estimated resources could result in deficit spending.

The Village officials should monitor appropriations and estimated resources throughout the year to ensure appropriations do not exceed estimated resources.

**Officials' Response:** We will use available resources to ensure that items are posted properly in the accounting system.

FINDING NUMBER 2018-003

**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, 2018, the following errors were noted:

- Other loans issued were improperly posted as Sale of Bonds within the General Fund in the amount of \$24,000.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-003  
(Continued)**

**Material Weakness (Continued)**

- Disbursements totaling \$33,337 were improperly posted to Security of Persons and Property and should have been posted as Capital Outlay within the Fire and Emergency Fund.
- Computer support agreement disbursements totaling \$2,500 were improperly posted as Capital Outlay and should have been posted to General Government within the Mayor's Court Computer Fund.
- A disbursement for the sewer grinder was improperly posted to Supplies and Materials and should have been posted to Capital Outlay totaling \$6,900 within the Sewer Operating Fund.
- The Village did not include Mayor's Court financial activity on the Financial Statements, which resulted in adjustments to Ending Cash Balance in the amount of \$1,442, Other Non-Operating Cash Disbursements totaling \$91,295, Other Non-Operating Cash Receipts totaling \$80,667, and Beginning Cash Balance totaling \$12,060.

For the year ended December 31, 2017, the following errors were noted:

- Park benches for the Marina were improperly posted as General Government and should have been posted as Leisure Time Activities within the General Fund totaling \$2,050.
- Disbursements for the Village's utility bills should have been posted to Basic Utility Services rather than Transportation within the Street Fund totaling \$19,650, Security of Persons and Property within the Fire and Emergency Fund totaling \$3,105, General Government within the General Fund totaling \$9,281, and Security of Persons and Property within the General Fund totaling \$1,015.
- Disbursements for a new fence and concrete work at the water plant totaling \$23,458 were improperly posted as Supplies and Materials and should have been posted to Capital Outlay within the Water Operating Fund.
- A reimbursement for overpayment of water was improperly posted as supplies and materials and should have been posted to Other within the Water Operating Fund in the amount of \$839.
- A disbursement for labor to service a well that totaled \$12,630 should have been posted to Contractual Services rather than Supplies and Materials within the Water Operating Fund.
- A disbursement to replace a parking lot for a commercial property within the Village due to a waterline break was improperly posted to Capital Outlay and should have been posted to Contractual Services in the amount of \$35,575 within the Water Operating Fund.
- The Village did not include Mayor's Court financial activity on the Financial Statements, which resulted in adjustments to Ending Cash Balance in the amount of \$12,060, Other Non-Operating Cash Disbursements totaling \$136,272, Other Non-Operating Cash Receipts totaling \$144,649, and Beginning Cash Balance totaling \$3,683.

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 \$10,117 to \$3,500 in 2018 and \$15,354 to \$1,033 in 2017 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.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-003  
(Continued)

**Material Weakness (Continued)**

The Village's restrictions on the Building, Construction & Capital Improvements 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 2018, the Village improperly classified \$123,331 to Restricted in the Building, Construction & Capital Improvements Fund rather than Committed and in 2017, the Village improperly classified \$51,949 to Restricted rather than Committed within the Building, Construction & Capital Improvements Fund. Also, the Village did not properly classify the excess of appropriations over expected revenues to Assigned in the General Fund. In 2018, \$199,700 was improperly classified as Unassigned rather than Assigned, and in 2017, \$230,386 was improperly classified as Unassigned and should have been classified as Assigned. Further, in 2018, the Village improperly classified \$1,371 of encumbrances for the General Fund to 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 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:** We will use available resources to ensure that items are posted properly in the accounting system.

FINDING NUMBER 2018-004

**Material Weakness**

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

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 Council are precisely stated and accurately posted to the appropriation ledger.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-004  
(Continued)**

**Material Weakness (Continued)**

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 2018:

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
Street Construction, Maint., & Repair	\$190,000	\$185,250	\$4,750
Permissive MVL	60,000	50,000	10,000
Permissive MVL-County	16,000	10,000	6,000
Police Disability and Pension	10,000	5,500	4,500
Fire and Emergency	350,000	348,000	2,000
Mayor's Court Computer	9,500	2,500	7,000
Police Equipment	40,000	30,000	10,000
Police Cruiser	46,000	45,000	1,000
Building Construction & Maint.	65,000	50,000	15,000
Grant Construction	250,000	0	250,000
Water Operating	600,000	573,800	26,200
Water Surcharge	100,000	75,000	25,000
Sewer Surcharge	100,000	75,000	25,000
Utilities Deposited	2,000	1,000	1,000

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-004  
(Continued)**

**Material Weakness (Continued)**

Fund	Amended Certificate Estimated Receipts	Estimated Receipts Amount Posted to the Accounting System	Variance
General	\$125,000	\$376,994	(\$251,994)
Street Construction, Maint., & Repair	0	200,000	(200,000)
State Highway	5,000	8,000	(3,000)
Permissive MVL	0	7,500	(7,500)
Permissive MVL-County	0	10,000	(10,000)
Police Disability and Pension	0	4,500	(4,500)
Enforcement & Education	0	100	(100)
Fire and Emergency	150,000	278,000	(128,000)
Mayor's Court Computer	0	2,000	(2,000)
Police Equipment	0	3,000	(3,000)
Police Cruiser	0	12,000	(12,000)
Building Construction & Maint.	175,000	181,000	(6,000)
Water Operating	0	375,000	(375,000)
Sewer Operating	0	325,000	(325,000)
Water Surcharge	0	35,000	(35,000)
Sewer Surcharge	0	35,000	(35,000)
Utilities Deposited	0	2,500	(2,500)

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-004  
(Continued)**

**Material Weakness (Continued)**

The following variances occurred in 2017:

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
General	\$475,000	\$490,800	(\$15,800)
Fire and Emergency	250,000	199,000	51,000
Building Construction & Maint.	70,000	65,000	5,000
Grant Construction	250,000	0	250,000
Water Operating	530,000	607,500	(77,500)
Sewer Operating	350,000	350,750	(750)
Utilities Deposited	2,500	1,800	700

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-004  
(Continued)**

**Material Weakness (Continued)**

Fund	Amended Certificate Estimated Receipts	Estimated Receipts Amount Posted to the Accounting System	Variance
General	\$0	\$397,350	(\$397,350)
Street Construction, Maint., & Repair	0	210,050	(210,050)
State Highway	0	5,350	(5,350)
Permissive MVL	0	8,050	(8,050)
Permissive MVL-County	0	16,000	(16,000)
Police Disability and Pension	0	9,500	(9,500)
Enforcement & Education	0	100	(100)
Fire and Emergency	50,000	127,000	(77,000)
Mayor's Court Computer	0	2,000	(2,000)
Police Equipment	0	8,000	(8,000)
Police Cruiser	0	12,100	(12,100)
Building Construction & Maint.	0	17,100	(17,100)
Grant Construction	0	250,000	(250,000)
Water Operating	150,000	376,500	(226,500)
Sewer Operating	0	300,500	(300,500)
Water Surcharge	0	35,000	(35,000)
Sewer Surcharge	0	35,000	(35,000)
Utilities Deposited	0	500	(500)

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 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.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-004  
(Continued)

**Material Weakness (Continued)**

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 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 will use available resources to ensure that items are posted properly in the accounting system.

**VILLAGE OF POWHATAN POINT**

**104 Mellott St.**

**Powhatan Point, OH. 43942**

**(740) 795-4201**

**Jeff Haught, Mayor**

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Material Weakness for improper classifications	Not Corrected	We will use available resources to ensure that items are posted properly.
2016-002	Material Weakness for approved budgetary amounts not agreeing to the accounting system.	Not Corrected	We will use available resources to ensure that items are posted properly.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF POWHATAN POINT**

**BELMONT COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 7, 2019**