



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
DECEMBER 31, 2017 AND 2016**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report on the Financial Statements, Internal Control, and Compliance.....	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, 2017 .....	3
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, 2017 .....	4
Notes to the Basic Financial Statements For the Year Ended December 31, 2017 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types for the Year Ended December 31, 2016 .....	15
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, 2016 .....	16
Notes to the Basic Financial Statements For the Year Ended December 31, 2016 .....	17
Schedule of Findings.....	27
Schedule of Prior Audit Findings (Prepared by Management) .....	42

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## Report on the Financial Statements, Internal Control, and Compliance

Village of Bridgeport  
Belmont County  
301 Main Street  
Bridgeport, Ohio 43912

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016. These procedures were designed to satisfy the audit requirements of § 117.11, Ohio Rev. Code, and § 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

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

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2017-020 through 2017-026 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2017-001 through 2017-019.

***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 audit the Village's responses and, accordingly, we express no opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

December 18, 2020

**Village of Bridgeport  
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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$127,991	\$54,515	\$0	\$182,506
Intergovernmental	98,726	125,890	0	224,616
Charges for Services	237,233	75,969	0	313,202
Fines, Licenses and Permits	86,561	0	0	86,561
Earnings on Investments	1,062	564	0	1,626
Miscellaneous	45,590	7,576	0	53,166
<i>Total Cash Receipts</i>	<u>597,163</u>	<u>264,514</u>	<u>0</u>	<u>861,677</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	436,576	77,614	0	514,190
Public Health Services	0	700	0	700
Basic Utility Services	131,948	0	0	131,948
Transportation	0	115,355	0	115,355
General Government	233,837	0	0	233,837
Capital Outlay	22,342	0	45,790	68,132
Debt Service:				
Principal Retirement	18,618	41,501	0	60,119
Interest and Fiscal Charges	2,785	3,464	0	6,249
<i>Total Cash Disbursements</i>	<u>846,106</u>	<u>238,634</u>	<u>45,790</u>	<u>1,130,530</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(248,943)</u>	<u>25,880</u>	<u>(45,790)</u>	<u>(268,853)</u>
<b>Other Financing Receipts</b>				
Sale of Notes	0	0	45,790	45,790
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>0</u>	<u>45,790</u>	<u>45,790</u>
<i>Net Change in Fund Cash Balances</i>	(248,943)	25,880	0	(223,063)
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>(117,143)</u>	<u>108,373</u>	<u>29,254</u>	<u>20,484</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	255,341	29,254	284,595
Unassigned (Deficit)	<u>(366,086)</u>	<u>(121,088)</u>	<u>0</u>	<u>(487,174)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$366,086)</u></u>	<u><u>\$134,253</u></u>	<u><u>\$29,254</u></u>	<u><u>(\$202,579)</u></u>

See accompanying notes to the basic financial statements

**Village of Bridgeport  
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	Fiduciary Fund Types		Totals
	Fund Type			(Memorandum Only)
	Enterprise	Agency	Private Purpose Trust	
<b>Operating Cash Receipts</b>				
Charges for Services	\$880,958	\$0	\$0	\$880,958
Miscellaneous	15,292	0	0	15,292
<i>Total Operating Cash Receipts</i>	<u>896,250</u>	<u>0</u>	<u>0</u>	<u>896,250</u>
<b>Operating Cash Disbursements</b>				
Personal Services	144,643	0	0	144,643
Employee Fringe Benefits	48,634	0	0	48,634
Contractual Services	311,698	0	0	311,698
Supplies and Materials	166,518	0	0	166,518
Other	5,647	0	0	5,647
<i>Total Operating Cash Disbursements</i>	<u>677,140</u>	<u>0</u>	<u>0</u>	<u>677,140</u>
<i>Operating Income (Loss)</i>	<u>219,110</u>	<u>0</u>	<u>0</u>	<u>219,110</u>
<b>Non-Operating (Disbursements)</b>				
Debt Service:				
Principal Retirement	(163,860)	0	0	(163,860)
Interest and Other Fiscal Charges	(41,339)	0	0	(41,339)
<i>Total Non-Operating (Disbursements)</i>	<u>(205,199)</u>	<u>0</u>	<u>0</u>	<u>(205,199)</u>
<i>Net Change in Fund Cash Balances</i>	<u>13,911</u>	<u>0</u>	<u>0</u>	<u>13,911</u>
<i>Fund Cash Balances, January 1 (Restated - Note 3)</i>	<u>633,015</u>	<u>250</u>	<u>1,000</u>	<u>634,265</u>
<i>Fund Cash Balances, December 31</i>	<u>\$646,926</u>	<u>\$250</u>	<u>\$1,000</u>	<u>\$648,176</u>

See accompanying notes to the basic financial statements



**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**NOTE 1 – REPORTING ENTITY**

The Village of Bridgeport (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including street lighting, park operations (leisure time activities), fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

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

The Village participates in the Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority, and the Eastern Ohio Regional Wastewater Authority, which are defined as jointly governed organizations. Note 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**

**A. *Basis of Accounting***

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

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

**B. *Fund Accounting***

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

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

**1. *General Fund***

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

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**2. *Special Revenue Funds***

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Emergency Squad Fund – This fund receives the proceeds of charges for services for the Volunteer Fire Squad, as well as grant monies received from the State, for providing ambulance and fire services to residents of the Village and surrounding entities.

**3. *Capital Projects Funds***

These funds account for receipts restricted or committed to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project fund:

GMC Sierra Fund – This fund accounted for the loan proceeds used for the purchase of a new truck.

**4. *Enterprise Funds***

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

Water Operating Fund – This fund receives charges for services revenue from the Village residents to cover water service costs.

**5. *Fiduciary Funds***

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments, which are not available to support the Village's own programs. The Village's private purpose trust fund provides perpetual care for the Watson Lot at Weeks Cemetery. The Village's agency fund accounts for the fund balance of the Other Agency-County Water Fund.

**C. *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 Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**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 6.

**D. *Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village had a \$60,000 certificate of deposit at December 31, 2017.

**E. *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.

**F. *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.

**G. *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:

**1. *Nonspendable***

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

**2. *Restricted***

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

**3. *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.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**4. 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.

**5. 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 - RESTATEMENT OF CASH FUND BALANCES**

For 2017, the Village's financial records required reconstruction as they had in the prior year. As a result of the 2017 reconstruction, adjustments to December 31, 2016 cash fund balances were required. The effect of these adjustments were as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary</u>
Cash Fund Balances, 12/31/2016	(\$97,289)	\$111,933	\$675,191
Restatements	<u>(19,854)</u>	<u>(3,560)</u>	<u>(42,176)</u>
Restated Cash Fund Balances, 12/31/2016	<u>(\$117,143)</u>	<u>\$108,373</u>	<u>\$633,015</u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

For 2017, the Village did not file the required budgetary information with the County Auditor which includes an official certificate of estimated resources, an amended certificate of estimated resources, and an annual appropriation resolution. Additionally, Village Council did not formally adopt an annual appropriation resolution for 2017 in accordance with Ohio Rev. Code § 5705.38. As such, contrary to Ohio Rev. Code § 5705.41, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2017. At December 31, 2017, the General Fund had a cash deficit balance of \$366,086, and the Street Construction, Maintenance, and Repair fund had a cash deficit balance of \$121,088, contrary to Section 5705.10(I), Revised Code, which provides that money paid into any fund shall be used for the purpose for which the funds were established.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

**NOTE 5 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits. The Village has no investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	\$240,484
Money Market Demand Deposits	145,113
Certificate of Deposit	60,000
Total Deposits	\$445,597

**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, 2017 deposits were insured or collateralized, in accordance with Ohio law.

The Village's certificate of deposit is held as collateral for the repayment of a loan to WesBanco Bank, Inc.

**NOTE 6 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2017, are as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$597,163	\$597,163
Special Revenue	0	264,514	264,514
Capital Projects	0	45,790	45,790
Enterprise	0	896,250	896,250
Total	\$0	\$1,803,717	\$1,803,717

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$846,106	(\$846,106)
Special Revenue	0	238,634	(238,634)
Capital Projects	0	45,790	(45,790)
Enterprise	0	882,339	(882,339)
Total	\$0	\$2,012,869	(\$2,012,869)

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**NOTE 7 - PROPERTY TAX**

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

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

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

**NOTE 8 - RISK MANAGEMENT**

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

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.

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

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

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 \$25,000.

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> \$39,379
---

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 9 - RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and most Village officials belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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 and 24% of full time fire fighters' wages. For 2017 OPERS members contributed 10% of their gross salaries and the Village contributed 14% of participants' gross salaries.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

**NOTE 10 - DEBT**

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b><u>Governmental Fund Obligations</u></b>		
General Obligation Notes	\$145,633	2.6%-3.04%
Police and Fire Pension Liability	26,079	4.25%
<i>Total Governmental</i>	171,712	
<b><u>Enterprise Fund Obligations</u></b>		
General Obligation Notes	61,912	2.1%-2.6%
Ohio Water Development Authority Loan 3456	1,148,514	1.50%
Ohio Water Development Authority Loan 6772*	766,562	1.49%-2.00%
Mortgage Revenue Bonds	72,000	5.00%
OPWC Kirkwood Heights Sewer Project	201,555	2.00%
<i>Total Enterprise</i>	2,250,543	
<i>Grand Total All Funds</i>	\$2,422,255	

\*Amortization Schedule not completed as of 12/31/2017

The General Obligation Notes relate to the financing of refuse truck, various vehicles throughout the Village, and repayment of outstanding obligations of the water department. These loans are payable in monthly or annual installments at annual percentage rates of 2.1 percent through 3.04 percent. The Village has pledged assets as security for these loans, as well as a \$60,000 certificate of deposit.

The Ohio Water Development Authority (OWDA) loan 3456 relates to a water and sewer plan expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6772 relates to a water treatment and valve replacement project. The OWDA approved up to \$1,164,125 to the Village for this project. As of December 31, the Village has drawn down \$1,110,581, of which \$288,637 was forgiven. The Village will repay the loan in semiannual installments over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In April 1978, the Village issued mortgage revenue bonds totaling \$1,270,000 and used the proceeds to improve its water system. The notes are being amortized over 40 years with annual installments of principal and interest. The loan is collateralized by water receipts.

The Village's liability for past service costs related to the Police and Fireman's Pension Fund at December 31, 2017 was \$26,079, with scheduled principal and interest payments through the year 2031. Payments are made from property tax receipted into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$201,555 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Enterprise Debt Fund.



**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

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

Year ending December 31:	OWDA	General	Mortgage	Police and Fire	OPWC	Total
		Obligation Notes	Revenue Bonds	Pension Liability	Kirkwood Heights Sewer Project	
2018	\$123,833	\$66,309	\$75,600	\$3,897	\$18,976	\$288,615
2019	123,833	65,847	0	3,897	18,976	212,553
2020	123,833	38,192	0	3,897	18,976	184,898
2021	123,833	28,350	0	3,897	18,976	175,056
2022	123,833	14,925	0	3,897	18,976	161,631
2023-2028	619,172	8,494	0	19,485	94,880	742,031
2026-2030	0	0	0	8,361	37,952	46,313
<b>Total</b>	<b>\$1,238,337</b>	<b>\$222,117</b>	<b>\$75,600</b>	<b>\$47,331</b>	<b>\$227,712</b>	<b>\$1,811,097</b>

**NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS**

**A. *Eastern Ohio Regional Transit Authority***

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2017. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bridgeport is responsible.

**B. *Bel-O-Mar Regional Council***

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 Mayor of the Village of Bridgeport serves as the Village's representative on the board. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2017, the Village made no payments to Bel-O-Mar Regional Council.

**C. *Eastern Ohio Regional Wastewater Authority***

The Eastern Ohio Regional Wastewater Authority (EORWA) was established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport, and Martins Ferry. The Authority is operated by a four-member Board of Trustees. One member is appointed by the Mayor of Bridgeport.

The Authority is not dependent on the Village of Bridgeport for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2017*

---

**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.

The Village is defendant in a lawsuit filed by the Ohio Water Development Authority (OWDA) as the Village is currently in default on debt principal and interest payments owed to OWDA for amounts loaned to the Village. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter could adversely affect the Village's financial condition.

**NOTE 13 - SUBSEQUENT EVENT**

***A. Fiscal Emergency***

On December 4, 2018, the Auditor of State declared the Village of Bridgeport to be in a state of fiscal emergency in accordance with Section 188.03(A) of the Ohio Revised Code. Subsequently, a financial planning and supervision commission has been established, and the Auditor of State will serve as the financial supervisor.

In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the financial planning and supervision commission a financial recovery plan for the Village which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village is in the process of developing a recovery plan. The Village is also currently working to bring all financial information up to date, and once all information is current, and the recovery plan is developed, the information will be reviewed to determine if the steps outlined will eliminate all fiscal emergency conditions.

***B. Utility Rates***

On February 15, 2018 the Village Council approved to increase the sewer fees for the Village to \$10.50 per month, which is an increase of nearly \$1 per month, which was effective April 1, 2018.

On September 11, 2018 the Board of Public Affairs approved a 20% rate increase for water customers, which was effective October 1, 2018. On December 10, 2019 the Board of Public Affairs approved a water rate increase of 3% to be effective January 1, 2020.

***C. Police Levy***

On December 9, 2019 the Village Council approved placing a 5 mill levy on the ballot in the March 2020 primary for the purpose of operating the police department.

**Village of Bridgeport  
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, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$126,822	\$52,613	\$0	\$179,435
Intergovernmental	97,302	108,409	0	205,711
Charges for Services	223,951	92,447	0	316,398
Fines, Licenses and Permits	58,194	0	0	58,194
Earnings on Investments	1,032	0	0	1,032
Miscellaneous	19,219	29	0	19,248
<i>Total Cash Receipts</i>	<u>526,520</u>	<u>253,498</u>	<u>0</u>	<u>780,018</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	449,255	84,074	0	533,329
Public Health Services	0	2,482	0	2,482
Basic Utility Services	128,710	0	0	128,710
Transportation	0	97,354	0	97,354
General Government	244,265	40,013	0	284,278
Capital Outlay	0	55,797	0	55,797
Debt Service:				
Principal Retirement	27,651	59,888	0	87,539
Interest and Fiscal Charges	3,106	10,316	0	13,422
<i>Total Cash Disbursements</i>	<u>852,987</u>	<u>349,924</u>	<u>0</u>	<u>1,202,911</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(326,467)</u>	<u>(96,426)</u>	<u>0</u>	<u>(422,893)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	9,625	0	0	9,625
Transfers In	0	25,000	0	25,000
Transfers Out	(25,000)	0	0	(25,000)
Other Financing Sources	(59)	0	0	(59)
Other Financing Uses	206	0	0	206
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,228)</u>	<u>25,000</u>	<u>0</u>	<u>9,772</u>
<i>Net Change in Fund Cash Balances</i>	(341,695)	(71,426)	0	(413,121)
<i>Fund Cash Balances, January 1</i>	<u>244,406</u>	<u>183,359</u>	<u>29,254</u>	<u>457,019</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	215,964	29,254	245,218
Unassigned (Deficit)	<u>(97,289)</u>	<u>(104,031)</u>	<u>0</u>	<u>(201,320)</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$97,289)</u>	<u>\$111,933</u>	<u>\$29,254</u>	<u>\$43,898</u>

See accompanying notes to the basic financial statements

**Village of Bridgeport  
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, 2016**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$953,400	\$0	\$0	\$953,400
<i>Total Operating Cash Receipts</i>	<u>953,400</u>	<u>0</u>	<u>0</u>	<u>953,400</u>
<b>Operating Cash Disbursements</b>				
Personal Services	153,032	0		153,032
Employee Fringe Benefits	36,137	0		36,137
Contractual Services	294,103	0		294,103
Supplies and Materials	112,323	0		112,323
Other	2,650	0		2,650
<i>Total Operating Cash Disbursements</i>	<u>598,245</u>	<u>0</u>	<u>0</u>	<u>598,245</u>
<i>Operating Income (Loss)</i>	<u>355,155</u>	<u>0</u>	<u>0</u>	<u>355,155</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental	45,361	0	0	45,361
Other Debt Proceeds	60,000	0	0	60,000
Debt Service:				
Principal Retirement	(221,320)	0	0	(221,320)
Interest and Other Fiscal Charges	(53,455)	0	0	(53,455)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(169,414)</u>	<u>0</u>	<u>0</u>	<u>(169,414)</u>
<i>Net Change in Fund Cash Balances</i>	185,741	0	0	185,741
<i>Fund Cash Balances, January 1</i>	<u>489,450</u>	<u>250</u>	<u>1,000</u>	<u>490,700</u>
<i>Fund Cash Balances, December 31</i>	<u>\$675,191</u>	<u>\$250</u>	<u>\$1,000</u>	<u>\$676,441</u>

*See accompanying notes to the basic financial statements*

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

**NOTE 1 – REPORTING ENTITY**

The Village of Bridgeport (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including street lighting, park operations (leisure time activities), fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

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

The Village participates in the Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority, and the Eastern Ohio Regional Wastewater Authority, which are defined as jointly governed organizations. Note 10 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**

**A. *Basis of Accounting***

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

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

**B. *Fund Accounting***

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

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

**1. *General Fund***

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

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

**2. *Special Revenue Funds***

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Emergency Squad Fund – This fund receives the proceeds of charges for services for the Volunteer Fire Squad, as well as grant monies received from the State, for providing ambulance and fire services to residents of the Village and surrounding entities.

**3. *Capital Projects Funds***

These funds account for receipts restricted or committed to acquiring or constructing major capital projects (except those financed through enterprise or trust funds).

**4. *Enterprise Funds***

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

Water Operating Fund – This fund receives charges for services revenue from the Village residents to cover water service costs.

**5. *Fiduciary Funds***

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments, which are not available to support the Village's own programs. The Village's private purpose trust fund provides perpetual care for the Watson Lot at Weeks Cemetery. The Village's agency fund accounts for the fund balance of the Other Agency – County Water Fund.

**C. *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.

**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.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

**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 2016 budgetary activity appears in Note 5.

**D. *Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village had a \$60,000 certificate of deposit at December 31, 2016.

**E. *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.

**F. *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.

**G. *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:

**1. *Nonspendable***

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

**2. *Restricted***

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

**3. *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.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

**4. 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.

**5. 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 - ACCOUNTABILITY AND COMPLIANCE**

For 2016, the Village did not file the required budgetary information with the County Auditor which includes an official certificate of estimated resources, an amended certificate of estimated resources, and an annual appropriation resolution. Additionally, Village Council did not formally adopt an annual appropriation resolution for 2016 in accordance with Ohio Rev. Code § 5705.38. As such, contrary to Ohio Rev. Code § 5705.41, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2016. At December 31, 2016, the General Fund had a cash deficit balance of \$97,289, and the Street Construction, Maintenance, and Repair fund had a cash deficit balance of \$104,031, contrary to Section 5705.10(I), Revised Code, which provides that money paid into any fund shall be used for the purpose for which the funds were established.

**NOTE 4 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits. The Village has no investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	\$364,338
Money Market Demand Deposits	296,001
Certificate of Deposit	60,000
Total Deposits	<u>\$720,339</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

The Village's certificate of deposit is held as collateral for the repayment of a loan to WesBanco Bank, Inc.



**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

**NOTE 5 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2016, are as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$536,351	\$536,351
Special Revenue	0	278,498	278,498
Enterprise	0	1,058,761	1,058,761
Total	\$0	\$1,873,610	\$1,873,610

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$878,046	(\$878,046)
Special Revenue	0	349,924	(349,924)
Enterprise	0	873,020	(873,020)
Total	\$0	\$2,100,990	(\$2,100,990)

**NOTE 6 - PROPERTY TAX**

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

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

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

**NOTE 7 - RISK MANAGEMENT**

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.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

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, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<b><u>2016</u></b>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016, the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$19,000.

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.

<u>2016 Contributions to PEP</u> \$29,308
--

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 - RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and most Village officials belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits including postretirement healthcare and survivor and disability benefits.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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 and 24% of full time fire fighters' wages. For 2016 OPERS members contributed 10% of their gross salaries and the Village contributed 14% of participants' gross salaries.

**NOTE 9 - DEBT**

Debt outstanding at December 31, 2016, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b><u>Governmental Fund Obligations</u></b>		
General Obligation Notes	\$160,010	2.6%-2.76%
Police and Fire Pension Liability	<u>30,539</u>	4.25%
<i>Total Governmental</i>	<u>\$190,549</u>	
 <b><u>Enterprise Fund Obligations</u></b>		
General Obligation Notes	\$83,589	2.1%-2.6%
Ohio Water Development Authority Loan 3456	1,251,410	1.50%
Ohio Water Development Authority Loan 6772*	790,155	1.49%-2.00%
Mortgage Revenue Bonds	139,000	5.00%
OPWC Kirkwood Heights Sewer Project	<u>216,278</u>	2.00%
<i>Total Enterprise</i>	<u>\$2,480,432</u>	
<i>Grand Total All Funds</i>	<u>\$2,670,981</u>	

\*Amortization Schedule not completed as of 12/31/2016

The General Obligation Notes relate to the financing of refuse truck, ambulance, and various vehicles throughout the Village. In addition, during 2016 the Village executed a \$60,000 business loan for outstanding obligations of the water department. These loans are payable in monthly or annual installments at annual percentage rates of 2.6 percent through 2.76 percent. The Village has pledged assets as security for these loans, as well as a \$60,000 certificate of deposit.

The Ohio Water Development Authority (OWDA) loan 3456 relates to a water and sewer plan expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6772 relates to a water treatment and valve replacement project. The OWDA approved up to \$1,164,125 to the Village for this project. As of December 31, the Village has drawn down \$1,110,581, of which \$288,637 was forgiven. The Village will repay the loan in semiannual installments over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In April 1978, the Village issued mortgage revenue bonds totaling \$1,270,000 and used the proceeds to improve its water system. The notes are being amortized over 40 years with annual installments of principal and interest. The loan is collateralized by water receipts.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

The Village's liability for past service costs related to the Police and Fireman's Pension Fund at December 31, 2016 was \$30,539, with scheduled principal and interest payments through the year 2031. Payments are made from property tax received into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$216,278 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Enterprise Debt Fund.

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

Year ending December 31:	OWDA	General	Mortgage	Police and Fire	OPWC	Total
		Obligation Notes	Revenue Bonds	Pension Liability	Kirkwood Heights Sewer Project	
2017	\$123,833	\$90,719	\$73,950	\$3,897	\$18,976	\$311,375
2018	123,833	59,029	75,600	3,897	18,976	281,335
2019	123,833	58,566	0	3,897	18,976	205,272
2020	123,833	30,912	0	3,897	18,976	177,618
2021	123,833	21,070	0	3,897	18,976	167,776
2022-2026	619,170	7,645	0	19,484	94,880	741,179
2027-2031	123,835	0	0	14,207	56,928	194,970
<b>Total</b>	<b>\$1,362,170</b>	<b>\$267,941</b>	<b>\$149,550</b>	<b>\$53,176</b>	<b>\$246,688</b>	<b>\$2,079,525</b>

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS**

**A. *Eastern Ohio Regional Transit Authority***

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2016. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bridgeport is responsible.

**B. *Bel-O-Mar Regional Council***

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 Mayor of the Village of Bridgeport serves as the Village's representative on the board. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2016, the Village made no payments to Bel-O-Mar Regional Council.

**Village of Bridgeport**  
**Belmont County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

---

**C. *Eastern Ohio Regional Wastewater Authority***

The Eastern Ohio Regional Wastewater Authority (EORWA) was established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport, and Martins Ferry. The Authority is operated by a four-member Board of Trustees. One member is appointed by the Mayor of Bridgeport. The Authority is not dependent on the Village of Bridgeport for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

**NOTE 11 - CONTINGENT LIABILITIES**

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

The Village is defendant in a lawsuit filed by the Ohio Water Development Authority (OWDA) as the Village is currently in default on debt principal and interest payments owed to OWDA for amounts loaned to the Village. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter could adversely affect the Village's financial condition.

**NOTE 12 - SUBSEQUENT EVENT**

**A. *Fiscal Emergency***

On December 4, 2018, the Auditor of State declared the Village of Bridgeport to be in a state of fiscal emergency in accordance with Section 188.03(A) of the Ohio Revised Code. Subsequently, a financial planning and supervision commission has been established, and the Auditor of State will serve as the financial supervisor.

In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the financial planning and supervision commission a financial recovery plan for the Village that outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village is in the process of developing a recovery plan. The Village is also currently working to bring all financial information up to date, and once all information is current, and the recovery plan is developed, the information will be reviewed to determine if the steps outlined will eliminate all fiscal emergency conditions.

**B. *Utility Rates***

On February 15, 2018, the Village Council approved to increase the sewer fees for the Village to \$10.50 per month, which is an increase of nearly \$1 per month, which was effective April 1, 2018. Also, on September 11, 2018 the Board of Public Affairs approved a 20% rate increase for water customers, which was effective October 1, 2018. On December 10, 2019, the Board of Public Affairs approved a water rate increase of 3% to be effective January 1, 2020.

**C. *Police Levy***

On December 9, 2019, the Village Council approved placing a 5-mill levy on the ballot in the March 2020 primary for the purpose of operating the police department.

**This page intentionally left blank.**

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

**FINDING NUMBER 2017-001**

**Finding for Recovery – Repaid Under Audit**

Village Officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities.

No evidence was noted that checks clearing the Village's bank account were compared to the accounting system to ensure the checks were properly clearing the bank. As a result, Village employee, Gabbrial Teasdale, cashed the same payroll check in the amount of \$223 through the Village's bank account twice without being detected by the Village's Fiscal Officer, resulting in an overpayment to Ms. Teasdale.

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 Gabbrial Teasdale, Village of Bridgeport employee, in the amount of \$223 and in favor of the Village of Bridgeport's Emergency Squad Fund.

The Village Fiscal Officer should ensure that checks written and posted in the accounting system are compared to the checks that clear the Village's bank account for accuracy. This procedure should be done as part of the monthly bank reconciliation process when preparing the outstanding checklist.

**Officials' Response:** Finding was repaid on November 15, 2019 in the amount of \$223.

**FINDING NUMBER 2017-002**

**Noncompliance and Finding for Adjustment**

**Ohio Rev. Code § 5705.10(I)** states that money paid into any fund shall be used only for the purposes for which such fund is established.

A municipality may lawfully pay into its general fund from the revenues of its waterworks, and sewer rentals, as a part of the cost of operation of such utility, a reasonable portion of the expenses of the general administrative offices and departments of the municipality which in any way contribute to the operation of such waterworks. 1952 Op. Atty. Gen. No. 1533; See also Ohio Rev. Code §§ 729.52, 743.05, 743.06. A reasonable cost allocation plan must be developed and adhered to.

In 2007, the General Fund received \$27,000 in allocations from the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively. This allocation of monies was for administrative costs incurred on-behalf of the above noted departments, however, there was no support for the chargebacks through a formal cost allocation plan, nor was there any other support for the allocation methodology. The amounts charged were based on estimates/averages rather than actual amounts. Although the Village had approved a cost allocation plan, it was not reasonable and the actual allocations made to the General Fund did not adhere to the Village's plan.

The Village failed to post adjustments to the Village records based on the citations in the 2006-2007, 2008-2009, 2010-2011, 2012-2013, and 2014-2015 audits. Therefore, the amounts cited in the previous findings for adjustment are being carried forward to the current audit period. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund for \$27,000 in favor of the Street, Construction, Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively.

**Officials' Response:** See Finding No. 2017-026 on page 41.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-003**

**Noncompliance**

**Ohio Rev. Code § 9.38** states, in part, a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

During 2017 and 2016, 56% and 40%, respectively, of utility receipts tested were not deposited by the business day following the date of the receipt. In addition, the Village does not have an approved policy in place allowing the utility office to delay depositing receipts totaling less than \$1,000 up to three days.

The Village's water, sewer and sanitation receipts should be deposited timely to ensure the accuracy of the Village's accounting records and prevent the loss of Village revenue.

**Officials' Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-004**

**Noncompliance**

**Ohio Rev. Code §117.103(B)(1)** states, in part, that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment.

The Village did not provide information to new employees regarding the Ohio fraud-reporting system and the means of reporting fraud.

The Village should ensure that new employees are provided with information regarding the Ohio fraud-reporting system and maintain signed confirmations on file.

**Officials' Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-005**

**Noncompliance**

**Ohio Rev. Code § 117.38** requires, in part, entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end.

The Village failed to file its annual financial reports for 2017 and 2016 by the required due dates of 3/1/18 and 3/1/17, respectively. The Village did not file its 2017 and 2016 annual financial reports until 4/22/19 and 8/20/18, respectively.



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-005 (Continued)**

**Noncompliance - Ohio Rev. Code § 117.38 (Continued)**

The Village should ensure that it files its annual financial reports in the Hinkle System by the required due date each year.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-006**

**Noncompliance**

**Ohio Rev. Code § 117.38** provides that cash-basis entities must file annual reports with the Auditor of State within 60 days after the close of the fiscal year. The Auditor of State (AOS) may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The 2017 and 2016 notes to the financial statements required revisions, which were agreed to by Village management and are reflected in the accompanying notes to the financial statements.

We noted the following:

- Revisions were made to the Summary of Significant Accounting Policies note.
- Revisions were made to the Equity in Pooled Deposits and Investments note.
- Revisions were made to the Budgetary Activity note.
- Revisions were made to the Risk Management note.
- Revisions were made to the Debt note.

The Village should file complete and accurate annual financial reports with the Auditor of State. The most recent financial statement shells and footnotes can be found at <http://www.ohioauditor.gov/references/shells/regulatory.html>.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-007**

**Noncompliance**

**Ohio Rev. Code § 121.22(H)** states, in part, that "a resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body. A resolution, rule, or formal action adopted in an open meeting that results from deliberations in a meeting not open to the public is invalid unless the deliberations were for a purpose specifically authorized in division (G) or (J) of this section and conducted at an executive session held in compliance with this section."

During 2017 and 2016, the Village entered into executive sessions during public meetings, but a reason warranting the executive session was not always stated.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-007 (Continued)**

**Noncompliance - Ohio Rev. Code § 121.22(H) (Continued)**

The Village should document in the minute record the reason for every executive session. In addition, the Village should refer to the Ohio Rev. Code to ensure that the reason for an executive session is allowable.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-008**

**Noncompliance**

**Ohio Rev. Code § 135.22** states subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State. The Treasurer of State issues a certificate indicating that the treasurer has successfully completed the continuing education program. The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State, that the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only:

- (1) Interim deposits pursuant to § 135.14 (B)(3);
- (2) STAR Ohio pursuant to § 135.14(B)(6);
- (3) No-load money market mutual funds pursuant to § 135.14 (B)(5).

During 2017 and 2016, the Village only maintained interim deposits but did not submit an annual notice of exemption to the Auditor of State, certified by the Treasurer of State.

The Village Fiscal Officer should submit a notice of exemption to the Auditor of State, certified by the Treasurer of State, each year that the Village is not required to attend investment training.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-009**

**Noncompliance**

**Ohio Rev. Code § 145.47** requires each employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. Ohio Rev. Code § 145.48 states, in part, each employer shall pay to the public employees' retirement system an amount that shall have a certain per cent of the earnable salary of all contributors to be known as the "employer contribution."

The Village appears to withhold the proper amounts from employees; however, withholdings were not properly or timely remitted to the Ohio Public Employees Retirement System (OPERS) in 2017 or 2016. Due to the lack of support, we were unable to substantiate if payments made during each year were for current periods or previous periods.

Failure to properly withhold and remit the withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Village to penalties and interest charges.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-009 (Continued)**

**Noncompliance - Ohio Rev. Code § 145.47 (Continued)**

The Village should remit employee withholdings and employer contributions in a timely fashion to the Ohio Public Employees Retirement System as required. The Village Council should monitor these payments to ensure payments are being made timely and in the appropriate amounts.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-010**

**Noncompliance**

**Ohio Rev. Code § 149.43(B)(2)** states, in part, that a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

**Ohio Rev. Code § 149.43(E)(1)** states, in part, that to ensure all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the attorney general as provided in Ohio Rev. Code § 109.43.

**Ohio Rev. Code § 149.43(E)(2)** states, in part, that the public office shall distribute the public records policy to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employees acknowledge receipt of the copy of the public records policy. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook.

The Village did not establish a records retention schedule. As a result, there was an increased risk that records could be destroyed without obtaining the approval of the Ohio Historical Society and Auditor of State of Ohio, as required. In addition, neither the Village's elected officials, nor their designees, attended a public records training on behalf of all employees. The Village also failed to provide required employees with a copy of the policy and maintain written evidence that the policy had been received by the required employees. As a result, there was an increased risk that public records could be improperly denied to the public or improperly disposed of, which would potentially subject the Village to fines and other penalties.

The Village should consider consulting with the Ohio Historical Society regarding how long records are to be kept when developing a records retention schedule and policy for disposing of records. In addition, all public officials or his or her designee should attend the required public records training for each term in office. The Village should also designate a public records custodian and maintain written evidence that the public records policy has been distributed to that employee.

**Official's Response:** See Finding No. 2017-026 on page 41.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-011**

**Noncompliance**

**Ohio Rev. Code § 742.31** requires each employee to contribute an amount equal to a percentage of the employee's salary to the Ohio Police and Fire Pension Fund in the amount of twelve and one-quarter per cent. **Ohio Rev. Code § 742.33** states, in part, that each employer shall pay monthly, on such dates as the board of trustees of the Ohio Police and Fire Pension Fund requires, an amount known as "police officer employers' contribution," which shall be nineteen and one-half per cent of the salaries of the members of the police department of the employer. Additionally, **Ohio Rev. Code § 742.32 and § 742.35** states that the employer shall make each payment not later than the last day of the month after the month for which the police officer or firefighter employee contributions were withheld. If an employer fails to make the payment installment by the date it is due, a penalty shall be assessed against the employer.

The Village appears to withhold the proper amounts from employees; however, withholdings were not properly or timely remitted to the Ohio Police and Fire Pension Fund in 2017. Due to the lack of support, we were unable to substantiate if payments made during each year were for current periods or previous periods. Failure to properly withhold and remit the withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Village to penalties and interest charges.

The Village should remit employee withholdings and employer contributions in a timely fashion to the Ohio Police and Fire Pension Fund as required. The Village Council should monitor these payments to ensure payments are being made timely and in the appropriate amounts

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-012**

**Noncompliance**

**Ohio Rev. Code § 2949.094(A)** states, in part, that the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The clerk shall transmit fifteen per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the county or municipal indigent drivers alcohol treatment fund under the control of that court.

The Village did not collect or remit the required fifteen per cent of all additional court costs for the first 6 months of 2017 and all of 2016 to the county court that handles DUI cases for the Village.

The Village should ensure this fee is properly collected and remitted to the Belmont County Northern Division Court for all moving violations.

**Official's Response:** See Finding No. 2017-026 on page 41.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-013**

**Noncompliance**

**Ohio Rev. Code § 5705.10(C)** states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. **Ohio Rev. Code § 5705.10(D)** states, 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.

During 2017, miscellaneous revenue within the General Fund was improperly posted in the amount of \$12,639 and should have been posted as Miscellaneous Revenue within the Water Operating Fund.

During 2016, the Village inappropriately recorded \$3,159 of real estate taxes to the Fire & EMS 2000 Levy Fund. Given the source of the revenue, this should have been recorded in the Fire & EMS 2013 Levy Fund.

These adjustments, to which Village management agrees, have been posted to the Village's accounting records and are reflected in the accompanying financial statements.

The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-014**

**Noncompliance**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes of which such fund is established. As a result, a negative fund cash balance can occur, which indicates that money from one fund was used to cover the expenses of another fund.

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

During 2017, the following adjustments were noted:

- Water deposit refunds to customers totaling \$223 and \$100 were improperly paid from the Water Operating fund (5101) and the Bridgeport Emergency Squad fund (2908), respectively, rather than the Water Utility Deposits fund (5102).
- A grant expenditure in the amount of \$10,000 was improperly paid from the General Fund (1000), rather than the Fire and EMS Levy fund (2904) where the grant proceeds were posted.

These adjustments, to which Village management agrees, have been posted to the Village's accounting records and are reflected in the accompanying financial statements.

It was also noted at December 31, 2017, the Village's General and Street Funds had deficit balances of \$366,086 and \$121,088, respectively. Additionally, at December 31, 2016, deficit balances were noted in the Village's General and Street Funds of \$97,289 and \$104,031, respectively.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-014 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.10(I) (Continued)**

The Village should be diligent in assuring all monies expended are properly posted to the correct fund. In addition, the Village should implement procedures to ensure expenditures do not exceed available resources, thus avoiding negative fund balance situations.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-015**

**Noncompliance**

**Ohio Rev. Code § 5705.14** requires, in part, transfers from the General Fund require a resolution passed by a simple majority of the board members.

During 2016, the Village made three transfers totaling \$25,000 from the General Fund to the Street Construction and Maintenance Fund, however approval of Village Council was not documented in the minute record.

The Village should ensure that all inter fund transfers are properly approved by Council and recorded in the Village's minutes.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-016**

**Noncompliance**

**Ohio Rev. Code § 5705.38(A)** states, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. Further, **Ohio Rev. Code § 5705.41(B)** states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

The Village did not pass permanent appropriations for 2017. While the Village did pass temporary appropriations on December 15, 2015 for 2016, permanent appropriations were not subsequently approved for the year. As a result, all expenditures exceeded appropriations in both 2017 and 2016.

The Village should ensure that permanent appropriations are approved on or about the first day of each fiscal year or no later than the first day of April if temporary appropriations are approved and in place. The Village should regularly monitor appropriations and expenditures to ensure that expenditures from each fund do not exceed the total appropriations. This will help to reduce the risk of disbursements exceeding appropriations and will add a measure of control over the Village's budgetary process.

**Official's Response:** See Finding No. 2017-026 on page 41.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-017**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in § 5705.41(D)(1) and § 5705.41(D)(3), respectively of the Ohio Revised Code.

The following exceptions were noted:

- No evidence was provided that Village Council established a threshold amount for the regular blanket certificates by resolution or ordinance, prior to utilizing a blanket certificate in 2016.
- Our search for unrecorded encumbrances revealed that the Village did not record the amount expended against the applicable 2017 appropriation account for \$3,292 out of \$4,000 of tested expenditures paid in January and February 2018. Adequate records were not maintained by the Village in order to complete a search for unrecorded encumbrances for 2016.
- 100% and 66% of tested super blankets in 2017 and 2016, respectively, improperly extended past fiscal year end.

The Village should leave the applicable purchase orders open at year end to properly certify these obligations. Failure to certify the availability of funds and encumber appropriations for the expenditure in the proper year could result in overspending and negative cash balances.

The Village should establish a threshold by resolution or ordinance, under which regular blanket certificates may be utilized by the Fiscal Officer. In addition, failure to certify the availability of funds prior to expenditures being obligated could result in overspending and negative cash balances. The Fiscal Officer should certify that the funds are or will be available prior to the obligation of the expenditure by the Village. When prior certification is not possible, "then and now" certification should be used. Should the Village choose to utilize super blankets, the Fiscal Officer should ensure they do not extend past fiscal year end.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-018**

**Noncompliance**

**26 C.F.R. § 1.6041-1** states that except as otherwise provided in §§ 1.6041-3 and 1.6041-4, every person engaged in a trade or business shall make an information return for each calendar year with respect to payments it makes during the calendar year in the course of its trade or business to another person of fixed or determinable income described in paragraph (a)(1)(i) (A) or (B) of this section. For purposes of the regulations under this section, the person described in this paragraph (a)(1)(i) is a payer.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-018 (Continued)**

**Noncompliance - 26 C.F.R. § 1.6041-1 (Continued)**

- A. Salaries, wages, commissions, fees, and other forms of compensation for services rendered aggregating \$600 or more.

The Village appeared to have compensated one employee in 2017 and two employees in 2016 as independent contractors, but a Form 1099 was not issued for either individual although the compensated amounts were more than \$600. It was also noted that a W-2 was not issued for the employees.

The Village should ensure that all employees of the Village are issued either a W-2, or a Form 1099 if the individual is independently contracted and was compensated \$600 or more in any calendar year.

**Official's Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-019**

**Noncompliance**

**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.

The Village paid \$216 in late fees during 2016 and \$985 in late fees during 2017 for overdue debt payments.

In addition, late fees totaling \$198 were paid on a tested electricity payment which was comprised of multiple Village electric accounts in 2016.

Finally, the Village's debit card was used to purchase funeral flowers five times totaling \$228, food for employee appreciation and an overtime meal totaling \$121 and supplies and food for a Mayor's Association meal in the amount of \$298. No policy governing these types of expenditures in accordance with Audit Bulletin 2004-002 was noted.

Late fees are the result of not timely paying amounts when due, and are not a proper public purpose. Not having a policy for the purchase of food or funeral flowers increases the possibility that the purchases of such items may be determined to not be for a proper public purpose. Findings for recovery could be issued in the future for these items.

The Village should implement procedures to ensure payments are remitted timely and in accordance with loan agreements, if applicable, to avoid late fees. Also, the Village should approve policies regarding the purchase of funeral flowers and food.

**Official's Response:** See Finding No. 2017-026 on page 41.



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-020**

**Internal Control Deficiency – Check Images**

Auditor of State Audit Bulletin 2004-010 addresses the key provisions of the federal “Check Clearing for the 21st Century Act” (Check 21) which affects all units of government that use the banking system. The purpose of the law, which became effective October 28, 2004, is to allow banks to process checks more efficiently by facilitating the exchange of checks via electronic images. Moreover, banks are no longer required to issue or return the original checks to customers. For governments that do not receive their canceled original checks, the Auditor of State suggests these governments request their banks send images of the front and back of all issued checks.

During 2017 and 2016, multiple instances occurred where the Village did not provide either the back or the front and back of canceled check images from their depository institution.

The Village Fiscal Officer should request their depository institution send images of the front and back of all issued checks. This will enable the Village to review and scrutinize the transactions and ensure that the payees, as well as the various endorsements, are appropriate.

**Officials’ Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-021**

**Internal Control Deficiency – Supporting Documentation**

The Village should maintain a receipt or voucher packet for each receipt or expenditure that contains documentation (i.e. invoices) to support the amount of the receipt or expenditure, the fund and account it is posted to, as well as its purpose. Additionally, the Village should ensure all voided checks are properly retained.

During 2017, we noted the following:

- The Village either failed to maintain all supporting documentation or maintained only partial supporting documentation for 46% of tested expenditures.
- The Village did not maintain receipt support for 25% of General Fund Miscellaneous Receipts tested, which totaled \$7,398.

During 2016, we noted the following:

- The Village failed to either maintain all supporting documentation or maintained only partial supporting documentation for 34% of tested expenditures.
- The Village failed to maintain timesheets to support employee payroll from March through December, 2016. As a result, we were unable to test five out of eight payroll disbursements due to lack of timesheet support in 2016.

It was also noted that the Village did not properly maintain all voided checks during the audit period. We selected two voided checks in both 2017 and 2016, in which only one was retained by the Village.

Supporting documentation should be maintained by the Fiscal Officer for each disbursement made by the Village, including payroll timesheets, voucher with the original invoice attached, purchase order information, and any other support applicable to all receipts or disbursements. The Fiscal Officer should also maintain the proper support for all revenue posted. In addition, the Village should implement a system for retaining voided checks to ensure they are properly voided.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-021 (Continued)**

**Internal Control Deficiency – Supporting Documentation (Continued)**

**Officials' Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-022**

**Internal Control Deficiency – Minute Record**

The Village should maintain a complete and accurate minute record, which reflects Council review and approval of all pertinent financial documentation.

The Village's minute record is the official record of Village Council actions. Council is required to keep a complete and accurate record of the proceedings as an official record of all significant actions at all meetings. During our testing procedures, we noted the following:

- Bank accounts opened or closed should be authorized by Council and documented in the minutes. In May, 2016, the Village closed their money market account without approval or authorization of Council.

Council should approve the opening and closing of all Village held bank accounts and the authorization should be recorded in the minutes.

**Officials' Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-023**

**Internal Control Deficiency – Payroll**

Village officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

During our testing of payroll disbursements, we noted the following:

- A council member resigned in August, 2016, but was paid through September, 2016. This resulted in an overpayment of \$83.
- Hours paid to Village employees did not always agree to timecards. The Village did not pay employees the correct hours/rates based on their timesheets for three out of eight employees, or 38%, tested during 2017, and one out of three employees, or 33%, that had timesheets during 2016. Additionally, we were unable to test 67% of the employees selected during 2016 due to the Village being unable to provide timesheets to support the employee pay.
- Water department employees are paid two hours of call out time each time they are required to work outside of their regularly scheduled hours. During our payroll testing and additional scan of water employees' timesheets, we noted employees will clock in for 10 minutes and receive two hours of pay, or clock in for 15 minutes, clock out, then clock back in for 10 minutes and receive four hours of pay. Council should formally approve how to pay employees that are called into work outside of their regular scheduled hours.
- The Village was unable to provide Council approval to support the eight hours of pay being compensated to the Police Lieutenant that maintains the Village K-9.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-023 (Continued)**

**Internal Control Deficiency – Payroll (Continued)**

- Sick leave is accrued in the Uniform Accounting Network (UAN) at a rate of 4.62 hours per pay. However, during our payroll testing and scan of employee timesheets, we noted timesheets would note that sick leave, vacation leave, or personal leave was used during the pay period, but this information was not properly input in UAN. Additionally, we were unable to determine how vacation leave is accrued or obtain documentation of how this leave is tracked. Furthermore, we scanned the Wage Detail Report in UAN for the last pay in December, 2017 and noted an employee with a vacation leave balance of negative 456 hours.
- We noted non-compliance with Codified Ordinance 260.05 of the Village's Administrative Code regarding overtime. The Ordinance states, in part, that hourly employees are compensated for overtime at time and one half for everything over 40 hours worked per week, but vacation, sick, and personal time shall no longer be counted towards overtime during a pay period for employees. During our testing of payroll during 2017, we noted one employee was overpaid \$47 due to taking sick leave during the same week that overtime was received.

Due to lack of proper oversight of management, employees were overpaid wages during 2017 and 2016.

The Village should consider implementing the following procedures:

- The Fiscal Officer should review all payments to council members to ensure the proper amounts are being paid.
- Department heads and the Fiscal Officer should review and maintain all timesheets for employees' to ensure the proper amounts and rates are being paid.
- Council should approve how the Village will pay employees who are called out to work outside of their regular working hours.
- Council should approve how the Village will compensate or reimburse the Police Lieutenant that maintains the Village K-9.
- The Village should develop procedures for tracking leave accrued and used to ensure compliance with Ohio Revised Code and Village policies. Additionally, the Fiscal Officer should review timesheets to ensure the hours and type of leave taken is properly input in the leave records and UAN.
- Timesheets should be reviewed by the department heads and the Fiscal Officer prior to payment to ensure compliance with Codified Ordinance 260.05.

**Officials' Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-024**

**Internal Control Deficiency – Mayor's Court Bank Account Reconciliation**

The Mayor's Court Clerk should perform monthly bank reconciliations over the Mayor's Court account to ensure money received and expended by the Village is properly recorded and accounted for.

During 2017 and 2016, limited procedures such as agreeing deposits and cleared checks to the bank statements were performed, the Mayor's Court Clerk did not perform formal procedures to reconcile the Mayor's Court cashbook to the Mayor's Court bank account. In addition, the Mayor's Court Clerk did not record a majority of the checks written from the Mayor's Court account in the cashbook, and did not maintain a running balance in the cashbook each month.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-024 (Continued)**

**Internal Control Deficiency – Mayor’s Court Bank Account Reconciliation (Continued)**

As a result, errors could go undetected for significant periods of time.

The Mayor's Court Clerk should perform a formal reconciliation each month for the Mayor's Court account to ensure all transactions are properly accounted for in the Mayor's Court cashbook and in the Mayor's Court bank account. In addition, the Mayor's Court Clerk should ensure that all receipts and disbursements are recorded in the cashbook.

**Officials’ Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-025**

**Internal Control Deficiency – Mayor’s Court Fees**

The Village Mayor's office should ensure that fees are withheld in accordance with the Ohio Rev. Code. In addition, any costs beyond the fine for any offense, such as late fees, court costs, or partial payment fees should be documented by the Court in a clear and consistent manner.

- Four instances in 2017 and three instances in 2016 were identified where the required additional fee of \$10 for a moving violation was improperly assessed on a non-moving violation, such as a registration violation or operating an unsafe vehicle.
- Several instances in 2016 were identified where the bond amounts charged were in excess of the bond amounts approved per the Village's fines and fees schedule. However, the reason for the higher bond amount was not always determinable. In one instance, additional fees were added to a bond due to a \$5 fee that is assessed on each payment made under an installment-basis plan.

As a result of the aforementioned items, the Village may not charge the correct amounts for traffic tickets.

The Village Mayor's office should ensure they are referring to the Ohio Bureau of Motor Vehicles Offense and Conviction Code List and Ohio Rev. Code when determining whether an offense is considered a moving or non-moving violation and what fees are required to be withheld and remitted. The Village should develop and approve a method for consistently documenting extra charges, such as, late fees, court costs, and partial payment fees. The Village should utilize this method to ensure extra charges are clearly identified and collected properly. In addition, the extra charges should be approved as part of the Village's existing fine schedule.

**Officials’ Response:** See Finding No. 2017-026 on page 41.

**FINDING NUMBER 2017-026**

**Internal Control Deficiency – General Account Bank Reconciliation**

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

Cash reconciliations are a valuable tool for ensuring the accuracy and completeness of the Village's accounting records.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

**FINDING NUMBER 2017-026 (Continued)**

**Internal Control Deficiency – General Account Bank Reconciliation (Continued)**

During the audit period, the Fiscal Officer did not complete accurate monthly reconciliations between the Village accounting records and bank balances. As a result, reconciliation difficulties for the Village occurred and an independent public accounting firm (IPA) had to be hired to correct the reconciliation in 2016, and the Auditor of State's Local Government Services reconstructed 2017.

The Fiscal Officer should reconcile the fund balances with the bank balances monthly and any differences should be documented and investigated. The Village should also implement procedures for the review / approval of the reconciliations and supporting documents. Such procedures will help ensure the Village's accounting records accurately reflect the financial position of the Village.

**Officials' Response:** The Village of Bridgeport will use all available resources to correct these deficiencies. The Village will also create and enact any necessary policies to address the issues contained within the findings.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2015-001	Finding for Recovery	Yes	Repaid
2015-002	Finding for Recovery	Yes	Repaid
2015-003	Finding for Recovery	Yes	Repaid
2015-004	Ohio Rev. Code § 5705.10(I) Use of Revenues	No	Not corrected
2015-005	Ohio Rev. Code § 5705.10(D) Use of Revenues	No	Not corrected
2015-006	Ohio Rev. Code § 5705.10(I) – Negative cash balances	No	Not corrected
2015-007	Ohio Rev. Code § 5705.41(B) – Restriction upon appropriation and expenditure of money	No	Not corrected
2015-008	Cash Reconciliations	No	Not corrected
2015-009	Improper classification of receipts and expenditures	No	Not corrected
2015-010	Budgetary amounts not recorded in the accounting system	No	Finding no longer valid
2015-011	Supporting documentation	No	Not corrected

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF BRIDGEPORT**

**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  
DECEMBER 31, 2019**