



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY  
DECEMBER 31, 2022 AND 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### Report on the Audit of the Financial Statements

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Powhatan Point, Belmont County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position hereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 20, 2024

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**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$54,380	\$115,094	\$169,474
Municipal Income Tax	168,605	80,001	248,606
Intergovernmental	72,629	427,124	499,753
Charges for Services	0	237,906	237,906
Fines, Licenses and Permits	13,700	2,432	16,132
Earnings on Investments	684	0	684
Miscellaneous	171,255	8,104	179,359
<i>Total Cash Receipts</i>	481,253	870,661	1,351,914
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	218,579	255,073	473,652
Public Health Services	2,923	0	2,923
Leisure Time Activities	0	3,069	3,069
Transportation	0	196,237	196,237
General Government	193,281	3,899	197,180
Capital Outlay	0	218,427	218,427
Debt Service:			
Principal Retirement	0	27,062	27,062
Interest and Fiscal Charges	0	4,041	4,041
<i>Total Cash Disbursements</i>	414,783	707,808	1,122,591
<i>Excess of Cash Receipts Over Cash Disbursements</i>	66,470	162,853	229,323
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	20,109	12,000	32,109
Transfers Out	(12,000)	(20,109)	(32,109)
Advances In	189,419	189,419	378,838
Advances Out	(189,419)	(189,419)	(378,838)
<i>Total Other Financing Receipts (Disbursements)</i>	8,109	(8,109)	0
<i>Net Change in Fund Cash Balances</i>	74,579	154,744	229,323
<i>Fund Cash Balances, January 1</i>	300,447	898,214	1,198,661
<i>Fund Cash Balances, December 31</i>	\$375,026	\$1,052,958	\$1,427,984

*See accompanying notes to the basic financial statements*

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$793,221
<i>Total Operating Cash Receipts</i>	<i>793,221</i>
<b>Operating Cash Disbursements</b>	
Personal Services	271,390
Employee Fringe Benefits	122,337
Contractual Services	95,494
Supplies and Materials	236,348
Other	200
<i>Total Operating Cash Disbursements</i>	<i>725,769</i>
<i>Operating Income</i>	<i>67,452</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	1,918
Loans Issued	313,116
Miscellaneous Receipts	628
Capital Outlay	(366,305)
Principal Retirement	(39,034)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(89,677)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(22,225)</i>
<i>Fund Cash Balances, January 1</i>	<i>894,966</i>
<i>Fund Cash Balances, December 31</i>	<i>\$872,741</i>

*See accompanying notes to the basic financial statements*

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Fines, Licenses, and Permits Collected for Distribution	\$14,680
<i>Total Additions</i>	14,680
<b>Deductions</b>	
Distributions to Other Governments	3,128
Distributions to Other Funds (Primary Gov't)	11,327
<i>Total Deductions</i>	14,455
<i>Net Change in Fund Balances</i>	225
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$225

*See accompanying notes to the basic financial statements*

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**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 - Reporting Entity**

The Village of Powhatan Point, Belmont County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, police and fire services, street maintenance, park operations, and general governmental services.

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

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in the Ohio Municipal League Group Rating Plan (GRP) for workers compensation, and Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 7, 11 and 12 to the financial statements provides additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

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

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for the grant received from the United States CARES Act and American Rescue Plan Act Funding.

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

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

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

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

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

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

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

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

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

***Basis of Accounting***

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

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

***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 2022 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village values certificates of deposits at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund, Marina State Grant Fund, Building Construction and Maintenance Fund, and Water Surcharge Fund, by \$19,961, \$161,631, \$20,109, and \$10,265, respectively, for the year ended December 31, 2022.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$512,662	\$690,781	\$178,119
Special Revenue	838,550	1,072,080	233,530
Enterprise	2,790,297	1,108,255	(1,682,042)
Total	\$4,141,509	\$2,871,116	(\$1,270,393)



**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 4 - Budgetary Activity (Continued)**

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$601,828	\$621,789	(\$19,961)
Special Revenue	1,281,946	1,076,865	205,081
Enterprise	3,245,232	1,181,519	2,063,713
Total	\$5,129,006	\$2,880,173	\$2,248,833

**Note 5 – Deposits**

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

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,250,725
Certificates of deposit	25,000
Other time deposits (savings and NOW accounts)	25,000
Total deposits	2,300,725
Total carrying amount of deposits held in the Pool (ties to FS)	\$2,300,725
 <b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Utility Business Checking Account (Not held in Pool)	\$67,725
Mayor's Court Checking Account (Not held in Pool)	225
Firemen's Fund Checking Account (Not held in Pool)	939
Total Outside Accounts	\$68,889

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

***Deposits***

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions.

The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

***Income Taxes***

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

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

**Note 7 - Risk Management**

***Workers' Compensation***

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

***Risk Pool Membership***

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 - Risk Management (Continued)**

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

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

During 2022, there were no significant changes of coverage from the prior year.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

***Ohio Police and Fire Retirement System***

Some Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 - Postemployment Benefits (Continued)**

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (5280)	\$195,920	0%
Ohio Water Development Authority Loan (8149)	239,982	0%
United States Department of Agriculture Loan (2014)	7,200	4%
United States Department of Agriculture Loan (2018)	5,100	3.5%
United States Department of Agriculture Loan (2021)	10,500	2.25%
Ohio Public Works Commission	12,768	0%
Belmont Savings Bank (Emergency Squad Loan)	108,835	2.40%
Total	\$580,305	

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

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

In addition, OWDA approved loan #9652 for up to \$2,049,697 to the Village for the waste water treatment plant upgrade, which is currently under construction. As of December 31, 2022, \$313,115 has been drawn on the loan. As the Village is still drawing money on this loan and no amortization schedule has been provided by OWDA, the amount drawn on this loan thus far is not included in the outstanding debt schedule above or the amortization schedules below. The first payment on the loan is due January 1, 2024, with a loan maturity date of July 1, 2053. The loan will be collateralized by utility receipts and the full faith and credit of the Village.

The United States Department of Agriculture (USDA) approved a loan in December 2014, in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments of approximately \$3,800, including 4% interest.

The USDA approved a loan November 2018, in the amount of \$24,000 to the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$5,300 over the next five years.

The USDA approved a loan February 2022 in the amount of \$13,000 for the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$2,600 over the next five years.

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 10 – Debt (Continued)**

Belmont Savings Bank approved a loan in the amount of \$120,546 to purchase an ambulance. The Village will repay the loan in monthly payments of approximately \$1,131 over the next ten years.

The Village’s taxing authority collateralize the USDA, OPWC, and Belmont Savings Bank loans.

***Amortization***

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

Year Ending December 31:	OWDA Loan (5280)	OWDA Loan (8149)	USDA Loan (2014)	USDA (2018) Loan	USDA (2022) Loan	OPWC	Belmont Savings Bank
2023	\$24,490	\$14,544	\$3,788	\$5,279	\$2,723	\$1,824	\$13,571
2024	24,490	14,544	3,848	0	2,770	3,648	13,571
2025	24,490	14,544	0	0	2,815	3,648	13,571
2026	24,490	14,544	0	0	2,757	3,648	13,571
2027	24,490	14,544	0	0	0	0	13,571
2028-2032	73,470	72,722	0	0	0	0	53,155
2033-2037	0	72,722	0	0	0	0	0
2038-2042	0	21,818	0	0	0	0	0
Total	<u>\$195,920</u>	<u>\$239,982</u>	<u>\$7,636</u>	<u>\$5,279</u>	<u>\$11,065</u>	<u>\$12,768</u>	<u>\$121,010</u>

**Note 11 – Jointly Governed Organizations**

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Council is not dependent upon the Village of Powhatan Point for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2022, the Village made one payment of \$482 to Bel-O-Mar Regional Council.

**Note 12 – Public Entity Risk Pool**

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

**Note 13 – Construction and Contractual Commitments**

As of December 31, 2022, the Village has approximately \$1,736,582 of the undisbursed OWDA loan #9652 remaining on the contract with Border Patrol, LLC for the waste water treatment plant upgrade.

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 14– Contingent Liabilities**

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

**Note 15 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$5,587	\$159,529	\$50,411	\$215,527

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

During 2022, the Village received American Rescue Plan Act funding in the amount of \$80,246 and disbursed \$3,260 that was reflected in the Special Revenue opinion unit on the accompanying financial statements.

**Note 17 – Subsequent Events**

During the June 20, 2023, meeting, Council approved a bid with FiroVac for a new fire truck in the amount of \$539,903. The Village was awarded \$476,181 from the Assistance to Firefighters Grant for the purchase of a freightliner chassis fire truck.

During the June 20, 2023, meeting, Council approved an estimate of \$198,750 from Ohio West Virginia Excavating to pave streets within the Village.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$47,093	\$112,681	\$159,774
Municipal Income Tax	170,768	77,366	248,134
Intergovernmental	70,431	222,319	292,750
Charges for Services	4	241,465	241,469
Fines, Licenses and Permits	25,167	5,073	30,240
Earnings on Investments	209	19	228
Miscellaneous	45,106	27,541	72,647
	<u>358,778</u>	<u>686,464</u>	<u>1,045,242</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	173,452	302,090	475,542
Public Health Services	3,499	0	3,499
Transportation	0	176,424	176,424
General Government	190,348	37,754	228,102
Capital Outlay	24,900	388,925	413,825
Debt Service:			
Principal Retirement	0	9,799	9,799
Interest and Fiscal Charges	0	1,022	1,022
	<u>392,199</u>	<u>916,014</u>	<u>1,308,213</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>(33,421)</u>	<u>(229,550)</u>	<u>(262,971)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Bonds	0	13,000	13,000
Loans Issued	0	120,546	120,546
Transfers In	0	20,000	20,000
Transfers Out	(20,000)	0	(20,000)
	<u>(20,000)</u>	<u>153,546</u>	<u>133,546</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(53,421)	(76,004)	(129,425)
<i>Fund Cash Balances, January 1</i>	<u>353,868</u>	<u>974,218</u>	<u>1,328,086</u>
<i>Fund Cash Balances, December 31</i>	<u>\$300,447</u>	<u>\$898,214</u>	<u>\$1,198,661</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$745,067
<i>Total Operating Cash Receipts</i>	<i>745,067</i>
<b>Operating Cash Disbursements</b>	
Personal Services	239,602
Employee Fringe Benefits	102,252
Contractual Services	116,656
Supplies and Materials	198,863
Other	433
<i>Total Operating Cash Disbursements</i>	<i>657,806</i>
<i>Operating Income</i>	<i>87,261</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Fixed Assets	10,000
Miscellaneous Receipts	2,536
Capital Outlay	(312,652)
Principal Retirement	(39,034)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(339,150)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(251,889)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,146,855</i>
<i>Fund Cash Balances, December 31</i>	<i>\$894,966</i>

*See accompanying notes to the basic financial statements*



**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Fines, Licenses, and Permits Collected for Distribution	\$33,219
<i>Total Additions</i>	33,219
<b>Deductions</b>	
Distributions to Other Governments	8,425
Distributions to Other Funds (Primary Gov't)	27,389
<i>Total Deductions</i>	35,814
<i>Net Change in Fund Balances</i>	(2,595)
<i>Fund Cash Balances, January 1</i>	2,595
<i>Fund Cash Balances, December 31</i>	\$0

*See accompanying notes to the basic financial statements*

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**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The Village of Powhatan Point, Belmont County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, police and fire services, street maintenance, park operations, and general governmental services.

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

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in the Ohio Municipal League Group Rating Plan (GRP) for workers compensation, and Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 7, 11 and 12 to the financial statements provides additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

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

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for the grant received from the United States CARES Act and American Rescue Plan Act Funding.

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

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

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

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

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

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

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

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

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

***Basis of Accounting***

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

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

***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 2021 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village values certificates of deposits at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in the Fire and Emergency Fund, CARES Fund, and Sewer Operating Fund, by \$78,863, \$14,496, and \$1,591, respectively, for the year ended December 31, 2021.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$507,900	\$358,778	(\$149,122)
Special Revenue	675,061	840,010	164,949
Capital Projects	0	0	0
Enterprise	672,100	757,603	85,503
Total	\$1,855,061	\$1,956,391	\$101,330

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 4 - Budgetary Activity (Continued)**

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$627,151	\$417,610	\$209,541
Special Revenue	1,232,766	939,170	293,596
Capital Projects	200,000	0	200,000
Enterprise	1,312,287	1,046,286	266,001
Total	\$3,372,204	\$2,403,066	\$969,138

**Note 5 – Deposits**

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

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,003,627
Certificates of deposit	65,000
Other time deposits (savings and NOW accounts)	25,000
Total deposits	2,093,627
Total carrying amount of deposits held in the Pool (ties to FS)	\$2,093,627
 <b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Utility Business Checking Account (Not held in Pool)	\$68,988
Mayor's Court Checking Account (Not held in Pool)	0
Firemen's Fund Checking Account (Not held in Pool)	81
Total Outside Accounts	\$69,069

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

***Deposits***

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

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

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

**Note 7 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

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

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

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

<u>2021</u>	
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099



**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 - Risk Management (Continued)**

During 2021, there were no significant changes of coverage from the prior year.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

Some Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (5280)	\$220,410	0%
Ohio Water Development Authority Loan (8149)	254,526	0%
United States Department of Agriculture Loan (2014)	10,600	4%
United States Department of Agriculture Loan (2018)	10,100	3.5%
United States Department of Agriculture Loan (2021)	13,000	2.25%
Ohio Public Works Commission	18,240	0%
Belmont Savings Bank (Emergency Squad Loan)	119,653	2.40%
Total	\$646,529	

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

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

The United States Department of Agriculture (USDA) approved a loan in December 2014, in the amount of \$31,000 to the Village to purchase Street department equipment destroyed by a fire. The Village makes annual payments of approximately \$3,800, including 4% interest.

The USDA approved a loan November 2018, in the amount of \$24,000 to the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$5,300 over the next five years.

The USDA approved a loan February 2021 in the amount of \$13,000 for the Village to purchase a police cruiser. The Village will repay the loan in yearly payments of approximately \$2,600 over the next five years.

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

Belmont Savings Bank approved a loan in the amount of \$120,546 to purchase an ambulance. The Village will repay the loan in monthly payments of approximately \$1,131 over the next ten years.

The Village's taxing authority collateralize the USDA, OPWC, and Belmont Savings Bank loans'.

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	OWDA Loan (5280)	OWDA Loan (8149)	USDA Loan (2014)	USDA (2018) Loan	USDA (2022) Loan	OPWC	Belmont Savings Bank
2022	\$24,490	\$14,544	\$3,824	\$5,353	\$2,769	\$3,648	\$13,571
2023	24,490	14,544	3,788	5,279	2,723	3,648	13,571
2024	24,490	14,544	3,848	0	2,770	3,648	13,571
2025	24,490	14,544	0	0	2,815	3,648	13,571
2026	24,490	14,544	0	0	2,757	3,648	13,571
2027-2031	97,960	72,722	0	0	0	0	66,726
2032-2036	0	72,722	0	0	0	0	0
2037-2039	0	36,361	0	0	0	0	0
Total	<u>\$220,410</u>	<u>\$254,525</u>	<u>\$11,460</u>	<u>\$10,632</u>	<u>\$13,834</u>	<u>\$18,240</u>	<u>\$134,581</u>

**Note 11 – Jointly Governed Organizations**

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Council is not dependent upon the Village of Powhatan Point for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2021, the Village made one payment of \$542 to Bel-O-Mar Regional Council.

**Note 12 – Public Entity Risk Pool**

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

**Note 13– Contingent Liabilities**

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

**Village of Powhatan Point, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$5,411	\$23,156	\$36,794	\$65,361

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village received American Rescue Plan Act funding in the amount of \$79,611 and disbursed \$115,196 in CARES funding that was reflected in the Special Revenue opinion unit on the accompanying financial statements.

**Note 16 – Subsequent Events**

During the June 20, 2023, meeting, Council approved a bid with FiroVac for a new fire truck in the amount of \$539,903. The Village was awarded \$476,181 from the Assistance to Firefighters Grant for the purchase of a freightliner chassis fire truck.

During the June 20, 2023, meeting, Council approved an estimate of \$198,750 from Ohio West Virginia Excavating to pave streets within the Village.

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Powhatan Point, Belmont County, (the Village) and have issued our report thereon dated June 20, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-002, 2022-005, and 2022-006 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2022-001 through 2022-004.

***Village's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 20, 2024

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Finding for Recovery – Repaid Under Audit**

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

Taylor Abbott, Fiscal Officer, was the official responsible for paying bills on time. The Fiscal Officer did not pay debt payments to Belmont Savings Bank, or withholding payments to Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, or the Treasurer of State in a timely manner in 2022. This repeated failure to pay these invoices timely is considered gross negligence. As a result of the above-mentioned instances regarding Mr. Abbott, the Village incurred late fees and penalties that were paid by the Village in the amount of \$555. The late fees and penalties serve no proper public purpose and could have been avoided had the invoices been paid in a timely manner.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Taylor Abbott, Fiscal Officer, in the amount of \$555 and in favor of the Village’s General, Fire and Emergency, Water Operating, and Sewer Operating Funds in the amount of \$238, \$170, \$56, and \$91.

Taylor Abbott repaid the \$555 on June 18, 2024 on receipt number 132-2024. The amount was paid into the Village’s General, Fire and Emergency, Water Operating, and Sewer Operating

**Officials’ Response:** Upon assuming the role of Fiscal Officer in May 2022, I was in the midst of training under the guidance of a traveling clerk who was also tasked with continuing the work left by three previous fiscal officers within a short timeframe. This transitional period unfortunately led to delays in the timely payment of invoices to Belmont Savings Bank, Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, and the Treasurer of State, resulting in late fees and penalties totaling \$555.

The \$555 in late fees has been fully repaid, allocated back to the Village’s General, Fire and Emergency, Water Operating, and Sewer Operating funds as specified.

FINDING NUMBER 2022-002

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(A)** provides that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

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

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-002  
(Continued)**

**Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10 (Continued)**

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

During 2022, we noted the following:

- Municipal Income Tax was improperly posted to the General Fund as Municipal Income Tax and should have been posted to the Street Fund as Municipal Income Tax in the amount of \$20,353.
- Gasoline excise tax in the amount of \$6,845 and \$500 was improperly posted to the General Fund and Police Cruiser Fund as Intergovernmental, respectively, and should have been posted as \$6,794 and \$551 to the Street Fund and State Highway Fund as Intergovernmental, respectively.
- Motor vehicle registration receipts totaling \$1,049 were improperly posted to the Street Fund as Intergovernmental and should have been posted to the State Highway Fund as Intergovernmental.
- Permissive motor vehicle license tax receipts were improperly posted as Intergovernmental in the Street Fund totaling \$12,971 and State Highway Fund totaling \$1,052 and should have been posted as \$14,023 to the Permissive Motor Vehicle License Tax Fund as Property and Other Local Taxes.
- Charges for Services revenue totaling \$3,137 was improperly posted to the Water Deposit Fund and should have been posted to the Water Surcharge Fund as Charges for Services.

During 2021, we noted the following:

- The Village received a USDA grant in the amount of \$33,800 and USDA loan in the amount of \$13,000 that should have been posted to the Police Cruiser Fund as Intergovernmental and Sale of Bonds, respectively, rather than \$13,000 as Intergovernmental and \$33,800 to Sale of Bonds within the General Fund. Further, the corresponding disbursement of \$46,800 was improperly posted to Capital Outlay within the General Fund and should have been posted to Capital Outlay within the Police Cruiser Fund.
- Municipal Income Tax was improperly posted to the General Fund as Municipal Income Tax and should have been posted to the Street Fund as Municipal Income Tax in the amount of \$3,965.
- Motor vehicle registration receipts totaling \$866 were improperly posted to the General Fund as Intergovernmental and should have been posted to the Street Fund and State Highway Fund as Intergovernmental in the amount of \$801 and \$65, respectively.
- Homestead and Rollback receipts in the amount of \$3,030 were improperly posted to the General Fund as Intergovernmental and should have been posted as Intergovernmental to the Fire and Emergency Fund and the Police Pension Fund in the amount of \$2,588 and \$442, respectively.
- Permissive motor vehicle license tax receipts were improperly posted as Intergovernmental in the Street Fund and State Highway Fund in the amount of \$4,444 and \$281, respectively, and should have been posted to the Permissive Motor Vehicle License Tax Fund as Property and Other Local Taxes in the amount of \$4,725.



**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-002  
(Continued)**

**Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10 (Continued)**

Audit adjustments, as agreed to by management, are reflected in the financial statements and in the accounting records correcting the errors noted above.

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

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

**Officials' Response:** Upon assuming the role of Fiscal Officer in May 2022, I inherited a transitional period where I was being trained by a traveling clerk, who was also tasked with assimilating the responsibilities left by three previous fiscal officers within a short timeframe. It was brought to my attention during this audit that there were discrepancies in the posting of various tax receipts and revenue streams, which were incorrectly allocated across different funds in 2021 and 2022.

Corrective actions have been promptly implemented to rectify these inaccuracies going forward. All prior trainings and documentation at the office indicated that the percentage breakdowns of each tax receipt were not correct, and it was during this audit period that the discrepancies were brought to light and corrected accordingly.

**FINDING NUMBER 2022-003**

**Noncompliance**

**Ohio Rev. Code § 133** authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory-securities; Ohio Rev. Code § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

The Village has issued a commercial promissory note with a local banking institution in the amount of \$120,546 for an ambulance purchase. The Village did not present evidence that this type of debt meets the criteria for any of the debt allowed in Ohio Rev. Code §133.

Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Village.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)

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

FINDING NUMBER 2022-003  
(Continued)

The Village should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**Officials' Response:** I took office as Fiscal Officer in May 2022, and I understand that the issuance of the commercial promissory note occurred before my tenure. It has come to my attention that this type of debt is not authorized under Ohio Rev. Code §133, which outlines the criteria for permissible debt. Moving forward the village will ensure that all debt incurred by it strictly adheres to statutory guidelines. The Village will consult with legal counsel before incurring any future debt to confirm its compliance with Ohio law.

FINDING NUMBER 2022-004

**Noncompliance**

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General Fund, Marina State Grant Fund, Building Construction and Maintenance Fund, and Water Surcharge Fund had expenditures in excess of appropriations of \$19,961, \$161,631, \$20,109, and \$10,265, respectively, as of December 31, 2022. As of December 31, 2021, the Village's Fire and Emergency Fund, CARES Fund, and Sewer Operating Fund had expenditures in excess of appropriations in the amounts of \$78,863, \$14,496, and \$1,591, respectively.

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

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

**Officials' Response:** I assumed the role of Fiscal Officer in May 2022, following the budgetary period in question for both 2021 and the initial stages of 2022. It is important to note that these issues occurred prior to my tenure, and I was not involved in setting the 2022 budget. Moving forward, I am committed to diligently reviewing budget versus actual expenditures to ensure strict adherence to appropriations and compliance with established policies and procedures. Regular budget reviews will be conducted to mitigate any potential discrepancies and uphold financial accountability within the Village.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-005**

**Material Weakness**

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

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

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

Further, AOS Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. In addition, the applicable budgetary legal requirements should be followed for the program the same as if the moneys were received and expended by the local government.

The Village did not always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2022, the following errors were noted:

- The Village did not include Mayor’s Court financial activity on the Financial Statements as a Custodial Fund, which resulted in adjustments to Fines, Licenses and Permits Collected for Distribution totaling \$14,680, Distributions to Other Governments totaling \$3,128, and Distributions to Other Funds (Primary Gov’t) totaling \$11,327.
- Disbursements for the marina project of \$158,562 were improperly classified as Leisure Time Activities and should have been classified as Capital Outlay within the State Grant – ODNR Marina Fund.
- Ohio Water Development Authority (OWDA) loans issued were improperly double posted by the Village, which resulted in an overstatement of Loans Issued and Contractual Services of \$65,000 within the Sewer Operating Fund.

VILLAGE OF POWHATAN POINT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)

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

FINDING NUMBER 2022-005  
(Continued)

**Material Weakness (Continued)**

For the year ended December 31, 2021, the following errors were noted:

- The Village did not include Mayor's Court financial activity on the Financial Statements as a Custodial Fund, which resulted in adjustments to beginning balances of \$2,595, Fines, Licenses and Permits Collected for Distribution totaling \$33,219, Distributions to Other Governments totaling \$8,425, and Distributions to Other Funds (Primary Gov't) totaling \$27,389.
- Loan proceeds and the corresponding disbursement of \$120,546 were not posted by the Village and should have been posted as Loans Issued and Capital Outlay within the Fire and Emergency Fund.
- A portion of the ambulance purchase totaling \$79,355 was improperly classified as General Government and should have been classified as Capital Outlay within the CARES Fund.

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

In addition to the reclassifications listed above, we also identified additional misstatements ranging from \$9,765 to \$2,765 that we have brought to the Village's attention.

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

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

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

**Officials' Response:** I assumed the role of Fiscal Officer in May 2022, and I acknowledge the audit findings regarding inaccuracies in the classification of receipts and disbursements for both 2021 and 2022. It is important to note that some of these errors were made prior to my tenure, compounded by the challenges of a transitional period and ongoing training. Moving forward, I am implementing measures to ensure accurate classification of financial transactions to their respective accounts.

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

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

**FINDING NUMBER 2022-006**

**Material Weakness**

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

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

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

The following variances occurred in 2022:

Fund	Approved Appropriations	Appropriations Posted to the Accounting System	Variance
General Fund	\$596,417	\$588,500	\$7,917
Street Construction	215,148	204,148	11,000
Police Disability & Pension	27,500	19,500	8,000
Fire & Emergency	469,460	466,960	2,500
Building Construction	40,000	60,109	(20,109)
Water Operating	529,840	531,840	(2,000)
Sewer Operating	2,558,098	1,044,601	1,513,497
Water Surcharge	50,000	100,000	(50,000)

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-006  
(Continued)**

**Material Weakness (Continued)**

The following variances occurred in 2021:

Fund	Approved Appropriations	Appropriations Posted to the Accounting System	Variance
General	\$624,500	\$632,600	(\$8,100)
Street Construction	252,900	206,400	46,500
State Highway	10,000	11,500	(1,500)
Permissive MVL	100,000	50,000	50,000
Permissive MVL- County	30,000	16,000	14,000
Police Disability & Pension	10,000	10,500	(500)
Enforcement & Education	1,500	500	1,000
Fire & Emergency	450,000	583,500	(133,500)
Mayor's Court Computer	9,500	5,000	4,500
Police Equipment	75,000	10,000	65,000
Police Cruiser	60,000	50,000	10,000
Building Construction	130,000	50,000	80,000
CARES Fund	100,000	132,000	(32,000)
Grant Construction	200,000	0	200,000
Water Operating	553,000	624,000	(71,000)
Sewer Operating	352,500	387,500	(35,000)
Water Surcharge	200,000	100,000	100,000
Sewer Surcharge	200,000	100,000	100,000
Utilities Deposited	2,000	500	1,500

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

**VILLAGE OF POWHATAN POINT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

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

**FINDING NUMBER 2022-006  
(Continued)**

**Material Weakness (Continued)**

The following variances occurred in 2021:

Fund	Estimated Receipts per last Amended Certificate	Estimated Receipts Posted to the Accounting System	Variance
Street Construction	215,500	185,500	30,000
Permissive MVL- County	30,000	16,000	14,000
Police Disability & Pension	5,661	5,000	661
Utilities Deposited	1,100	100	1,000

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

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

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

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

**Officials' Response:** Upon assuming the role of Fiscal Officer in May 2022, I inherited a situation where procedural gaps existed regarding the accurate posting of authorized budgetary measures to our accounting system. During this period, I was under the guidance of a traveling clerk who was assisting with both my training and the transition from three previous fiscal officers. I acknowledge the audit findings regarding the discrepancies in posting appropriations and the Certificate of Estimated Resources to our accounting records. Moving forward, I have implemented procedures to ensure that all approved budgetary measures, including appropriations and amendments, are accurately reflected in our accounting system.

# VILLAGE OF POWHATAN POINT

104 Mellott Street

Powhatan Point, OH. 43942

(740) 795-4201

Jeffrey Haught, Mayor

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2022 and 2021

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Finding for Recovery due to the Fiscal Officer paying late fees and penalties that were not a proper public purpose of the Village.	Not Corrected	The previous fiscal officer was responsible for paying late fees and penalties and did so.
2020-002	Noncompliance with Ohio Rev. Code § 135.18(A) for having deposits that were uninsured and uncollateralized.	Fully Corrected	
2020-003	Material Weakness for improper classifications.	Not Corrected	Proper procedures and guidance have been implemented to ensure accurate classifications of all transactions moving forward, addressing the material weakness identified in the audit regarding improper classifications.
2020-004	Material Weakness for approved budgetary amounts not agreeing to the accounting system.	Not Corrected	Proper procedures and training have been implemented to ensure that approved budgetary amounts are accurately reflected in the accounting system, resolving the material weakness identified in the audit.
2020-005	Material Weakness for not timely reconciling.	Fully Corrected	



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF POWHATAN POINT**

**BELMONT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/9/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)