

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Charles E. Harris and Associates, Inc.**  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Belmont, Belmont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Belmont is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 14, 2011

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**VILLAGE OF BELMONT**  
**BELMONT COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2008 and 2007**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We were engaged to audit the accompanying financial statements of the Village of Belmont (the Village), as of and for the years ended December 31, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of the Village's management.

We were not able to obtain adequate supporting documentation regarding receipts and disbursements for the years 2008 and 2007. Also, federal receipts and disbursements were not recorded in the financial statements in 2007, nor was debt activity recorded in the statements or footnotes. We were not able to satisfy ourselves as to those financial activities by other procedures.

Since we did not audit the financial statements of the Village referred to above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

*Charles E. Harris & Associates*

***Charles E. Harris & Associates, Inc.***  
October 21, 2011

VILLAGE OF BELMONT  
BELMONT COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 61,155	\$ 22,334	-	-	\$ 83,489
Municipal Income Tax	35,840	25,029	-	-	60,869
Intergovernmental	85,875	6,543	-	-	92,418
Fines, Licenses & Permits	5,606	-	-	-	5,606
Earnings on Investments	4,904	234	-	\$ 400	5,538
Miscellaneous	6,975	-	-	-	6,975
<b>Total Cash Receipts</b>	<b>200,355</b>	<b>54,140</b>	<b>-</b>	<b>400</b>	<b>254,895</b>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of Persons & Property	47,015	19,926	-	-	66,941
Community Environment	5,379	1,050	-	-	6,429
Basic Utility Service	48,360	-	-	-	48,360
Transportation	1,370	101,616	-	-	102,986
General Government	42,987	312	-	-	43,299
<b>Debt Service:</b>					
Principal Payment	-	10,367	\$ 30,068	-	40,435
Interest and Fiscal Charges	-	889	5,965	-	6,854
<b>Total Cash Disbursements</b>	<b>145,111</b>	<b>134,160</b>	<b>36,033</b>	<b>-</b>	<b>315,304</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>55,244</b>	<b>(80,020)</b>	<b>(36,033)</b>	<b>400</b>	<b>(60,409)</b>
<b>Other Financing Sources/(Uses):</b>					
Other Sources (Uses)	14,102	-	21,567	-	35,669
Transfers-In	-	66,925	4,200	-	71,125
Transfers-Out	(71,125)	-	-	-	(71,125)
Advance-In	-	2,000	-	-	2,000
Advance-Out	(2,000)	-	-	-	(2,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(59,023)</b>	<b>68,925</b>	<b>25,767</b>	<b>-</b>	<b>35,669</b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>(3,779)</b>	<b>(11,095)</b>	<b>(10,266)</b>	<b>400</b>	<b>(24,740)</b>
<b>Fund Cash Balance, January 1</b>	<b>109,378</b>	<b>90,156</b>	<b>10,305</b>	<b>40,626</b>	<b>250,465</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 105,599</b>	<b>\$ 79,061</b>	<b>\$ 39</b>	<b>\$ 41,026</b>	<b>\$ 225,725</b>

See accompanying Notes to the Financial Statements.



**VILLAGE OF BELMONT**  
**BELMONT COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types
	Enterprise Fund
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 74,150
Total Operating Cash Receipts	74,150
<b>Operating Cash Disbursements:</b>	
Personal Services	12,120
Employee Fringe Benefits	736
Contractual Services	88,834
Supplies & Materials	11,687
Total Operating Cash Disbursements	113,377
<b>Operating Income/(Loss)</b>	<b>(39,227)</b>
<b>Non-Operating Cash Receipts/(Disbursements):</b>	
Intergovernmental	92,261
<b>Excess of Receipts Over Disbursements</b>	<b>53,034</b>
<b>Fund Cash Balance, January 1</b>	<b>123,809</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 176,843</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF BELMONT  
BELMONT COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 46,308	\$ 9,909	-	-	\$ 56,217
Municipal Income Tax	35,735	29,995	-	-	65,730
Intergovernmental	80,038	9,262	-	-	89,300
Fines, Licenses & Permits	4,258	-	-	-	4,258
Earnings on Investments	6,690	755	-	\$ 300	7,745
Miscellaneous	5	-	-	-	5
<b>Total Cash Receipts</b>	<b>173,034</b>	<b>49,921</b>	<b>-</b>	<b>300</b>	<b>223,255</b>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of Persons & Property	50,478	18,216	-	-	68,694
Community Environment	6,958	1,575	-	-	8,533
Basic Utility Service	40,170	-	-	-	40,170
Transportation	664	36,235	-	-	36,899
General Government	51,466	28	-	-	51,494
Capital Outlay	-	4,659	-	-	4,659
<b>Debt Service:</b>					
Principal Payment	-	10,368	\$ 30,078	-	40,446
Interest and Fiscal Charges	-	1,970	5,575	-	7,545
<b>Total Cash Disbursements</b>	<b>149,736</b>	<b>73,051</b>	<b>35,653</b>	<b>-</b>	<b>258,440</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>23,298</b>	<b>(23,130)</b>	<b>(35,653)</b>	<b>300</b>	<b>(35,185)</b>
<b>Other Financing Sources/(Uses):</b>					
Other Sources (Uses)	(7,311)	-	20,797	-	13,486
Transfers-In	-	10,015	22,000	-	32,015
Transfers-Out	(32,015)	-	-	-	(32,015)
<b>Total Other Financing Sources/(Uses)</b>	<b>(39,326)</b>	<b>10,015</b>	<b>42,797</b>	<b>-</b>	<b>13,486</b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>(16,028)</b>	<b>(13,115)</b>	<b>7,144</b>	<b>300</b>	<b>(21,699)</b>
<b>Fund Cash Balance, January 1</b>	<b>125,406</b>	<b>103,271</b>	<b>3,161</b>	<b>40,326</b>	<b>272,164</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 109,378</b>	<b>\$ 90,156</b>	<b>\$ 10,305</b>	<b>\$ 40,626</b>	<b>\$ 250,465</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF BELMONT**  
**BELMONT COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Types
	Enterprise Fund
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 75,405
Total Operating Cash Receipts	75,405
<b>Operating Cash Disbursements:</b>	
Personal Services	15,677
Contractual Services	92,760
Supplies & Materials	8,550
Total Operating Cash Disbursements	116,987
<b>Operating Income/(Loss)</b>	<b>(41,582)</b>
<b>Non-Operating Cash Receipts/(Disbursements):</b>	
Intergovernmental	27,400
<b>Excess of Receipts Over Disbursements</b>	<b>(14,182)</b>
<b>Fund Cash Balance, January 1</b>	<b>137,991</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 123,809</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Belmont, Belmont County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides water utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. CASH AND INVESTMENTS**

The Village values certificates of deposit at cost.

**D. FUND ACCOUNTING**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund:**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds:**

These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant Special Revenue funds:

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

**Police Levy Fund** - This fund receives government assessed taxes to provide police services.

**Fire Levy Fund** - This fund receives government assessed taxes to provide equipment for the Village volunteer fire department.

VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. **FUND ACCOUNTING (continued)**

3. **Debt Service Fund:**

These funds account for resources the Village accumulates to pay bond and note debt. The Village has the following significant Debt Service Fund:

Tanker Debt Service Fund - This fund receives property tax money to pay principal and interest on a promissory note issued by the Village for the purchase of a tanker truck for the Village's volunteer fire department.

4. **Enterprise Funds:**

These funds are used to account for resources 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 has the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

5. **Permanent Funds:**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a permanent fund. The Village has the following significant Permanent Fund:

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

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. **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 also approve estimated resources.

VILLAGE OF BELMONT  
 BELMONT COUNTY, OHIO  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2008 and 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. **BUDGETARY PROCESS (continued)**

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

	2008	2007
Demand Deposits	\$ 227,976	\$ 199,787
Investments:	174,592	174,487
Total deposits and investments	\$ 402,568	\$ 374,274

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

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 as follows:

**VILLAGE OF BELMONT**  
**BELMONT COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2008 and 2007**

**3. BUDGETARY ACTIVITY (continued)**

<b>2008 Budgeted vs. Actual Budgetary Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 240,975	\$ 214,457	\$ (26,518)
Special Revenue	24,013	123,065	99,052
Debt Service	9,500	25,767	16,267
Enterprise	29,602	166,411	136,809
Permanent	-	400	400
<b>Total</b>	<b>\$ 304,090</b>	<b>\$ 530,100</b>	<b>\$ 226,010</b>

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ -	\$ 218,236	\$ (218,236)
Special Revenue	-	134,160	(134,160)
Debt Service	-	36,033	(36,033)
Enterprise	-	113,377	(113,377)
<b>Total</b>	<b>\$ -</b>	<b>\$ 501,806</b>	<b>\$ (501,806)</b>

<b>2007 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 186,916	\$ 173,034	\$ (13,882)
Special Revenue	37,174	59,936	22,762
Debt Service	9,500	42,797	33,297
Enterprise	28,740	102,805	74,065
Permanent	-	300	300
<b>Total</b>	<b>\$ 262,330</b>	<b>\$ 378,872</b>	<b>\$ 116,542</b>

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ -	\$ 189,062	\$ (189,062)
Special Revenue	-	73,051	(73,051)
Debt Service	-	35,653	(35,653)
Enterprise	-	116,987	(116,987)
<b>Total</b>	<b>\$ -</b>	<b>\$ 414,753</b>	<b>\$ (414,753)</b>

Contrary to Ohio law, appropriations were not approved for 2008 or 2007.

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding as of December 31, 2008 was as follows:

Description	Principal	Interest Rate
Promissory Note (1)	\$ 29,012	3.50%
Promissory Note (2)	6,230	5.04%
	\$ 35,242	

The Promissory Note (1) relates to the purchase of a new tanker truck for the Village Fire Department. This loan, issued in 2000 for \$132,840 is to be paid over a 10 year period, will be repaid in semiannual installments of \$4,428, at a fixed rate of 3.5% interest rate for the first three years then fluctuating annually at 70% of the bank's prime rate, The Village assumes that the future interest rate after the three year period will be 3.5% and has been used to calculate future interest payments. The fire truck is pledged as collateral along with the Village's taxing authority. The Village has made payments in advance.

The Promissory Note (2) relates to the purchase of a new ambulance for the emergency squad. This loan, issued in 2005 for \$56,010 is to be paid over a 5 year period, will be repaid in monthly installments of \$595. The ambulance is pledged as collateral. The Village has made payments in advance.

Amortization of the above debt follows:

Year Ending December 31:	Promissory Note		
2009	Principal	Interest	Total
	\$ 35,242	\$ 1,585	\$ 36,827



**VILLAGE OF BELMONT**  
**BELMONT COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2008 and 2007**

**6. RETIREMENT SYSTEM**

Certain elected officials, law enforcement officers, and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

For 2008 and 2007 OPERS participants contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**7. RISK MANAGEMENT**

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

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

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

**A. Casualty Coverage**

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims after January 1, 2006) as noted above.

**B. Property Coverage**

Beginning in 2005, APEEP established a risk-sharing program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$00,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the

VILLAGE OF BELMONT  
 BELMONT COUNTY, OHIO  
 Notes to the Financial Statements  
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**7. RISK MANAGEMENT**

combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006 or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**C. Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(\$17,340,825)</u>	<u>(\$16,738,904)</u>
Retained Earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

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

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

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007**

**8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS**

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

**VILLAGE OF BELMONT  
BELMONT COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<i>Direct from Federal Government:</i>		
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	\$ 713,000
Water and Waste Disposal Systems for Rural Communities - Grant		561,000
Total Water and Waste Disposal Systems for Rural Communities		<u>1,274,000</u>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>		
<i>Direct from Federal Government:</i>		
Appalachian Research, Technical Assistance, and Demonstration Grants	23.011	71,925
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>		
<i>Direct from Federal Government:</i>		
Multimedia Capacity Building Grants for States and Tribes	66.709	<u>612,208</u>
<b>Total Federal Awards Expenditures</b>		<b><u><u>\$ 1,958,133</u></u></b>

**VILLAGE OF BELMONT**  
**Belmont County, Ohio**  
**Notes to the Schedule of Federal Awards Expenditure**  
**For the Year Ended December 31, 2007**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. OWDA Financing**

The expenditures related to this project were from interim financing from Ohio Water Development Authority (OWDA). The USDA Rural Development Loan was received in 2009 and used to pay off the interim financing. The expenditures from the OWDA financing were considered federal expenditures.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

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

To the Village Council:

We were engaged to audit the financial statements of the Village of Belmont, Belmont County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 21, 2011. We did not express an opinion on the financial statements because we were unable to obtain adequate supporting documentation regarding receipts and disbursements for 2007 or 2008 and federal receipts and disbursements were not recorded.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2008-002 described in the accompanying schedule of findings to be a material weakness.


### Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated October 21, 2011.

We intend this report solely for the information and use of management, Village Council, federal awarding agencies and others within the Village. We intend it for no one other than these specified parties.



**Charles E. Harris and Associates, Inc.**

October 21, 2011

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

To the Village Council:

**Compliance**

We have audited the compliance of Village of Belmont, Belmont County, Ohio (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal programs. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, Village of Belmont, Belmont County, Ohio complied, in all material respects, with the requirements referred to above that apply to each its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2008-003.



### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

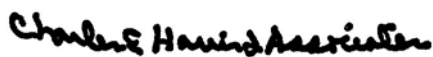
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2008-04 to be a material weakness.

The Village's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

### Schedule of Federal Awards Expenditures

We were engaged to audit the financial statements of the Village of Belmont, Belmont County, Ohio as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 21, 2011, wherein we noted the Village followed the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we did not express an opinion on the financial statements because we were unable to obtain adequate supporting documentation regarding receipts and disbursements for 2007 or 2008 and federal receipts and disbursements were not recorded in the financial statements in 2007 and debt activity was not recorded in the statements or footnotes. The accompanying Schedule of Federal Awards Expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the financial statements. For the reasons stated above, we are unable to express, and we do not express, an opinion on the Schedule of Federal Awards Expenditures.

We intend this report solely for the information and use of the management, Village Council and federal awarding agencies. It is not intended for anyone other than these specified parties.



**CHARLES E. HARRIS & ASSOCIATES, INC.**  
October 21, 2011

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF BELMONT  
BELMONT COUNTY  
December 31, 2008 and 2007**

<b>SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Disclaimer
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	Yes
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	Yes
(d)(1)(vii)	<i>Major Programs:</i>	Water and Waste Disposal Systems for Rural Communities CFDA # 10.760 Multimedia Capacity Building Grants for States and Tribes CDFA # 66.709
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Schedule of Findings  
For the Years Ending December 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2008-001**

**Noncompliance Citation**

Ohio Revised Code Section 5705.38 (A) states on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

We are unable to locate any appropriations measures for both 2008 and 2007. As a result, the Village is not in compliance with Ohio Revised Code Section 5705.41 (B) that states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

**Official's Response:**

This problem was caused by the Village's old administration. New administration will ensure appropriations are approved in accordance with the Ohio Revised Code.

**Finding Number 2008-002**

**Noncompliance Citation and Material Weakness**

Ohio Administrative Code Section 117-2-02(A) provides that 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 and finance-related legal and contractual requirements and prepare financial statements.

During 2008 and 2007, the Village did not record or was missing the following documentation:

- Certain 941'a forms for both years were not found
- Certain OPER's forms were not found
- Federal receipts related to Sanitary Sewer project were not recorded
- Federal disbursements related to Sanitary Sewer project were not recorded
- Various receipts and disbursements were missing back up documentation
- Debt activity was not recorded in the financial statements or footnotes

We recommend that the Village retain all relevant documentation for all purchases, receipts and payroll. Also, we recommend the Village use more caution to ensure all activities of the Village are recorded. Management should refer to the Village Officers' Handbook to ensure proper fund and account classification.

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Schedule of Findings - continued  
For the Years Ending December 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (continued)</b>
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**Finding Number 2008-002 – (continued)**

**Official's Response**

New management will ensure all supporting documentation is retained. Also care will be taken to ensure all transactions are recorded.

<b>FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	<b>2008-003</b>
<b>CFDA Title and Number</b>	Water and Waste Disposal Systems for Rural Communities, CFDA #10.760 Multimedia Capacity Building Grants for States and Tribes, CFDA #66.709
<b>Federal Award Number / Year</b>	<b>2007</b>
<b>Federal Agency</b>	U.S. Environmental Protection Agency U.S. Department of Agriculture
<b>Pass Through Agency</b>	<b>None</b>

OMB Circular A-133 Subpart B .200 (b) states non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted in accordance with § \_\_.500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.

The Village of Belmont expended in excess of \$500,000 in federal funds in 2007 for a sanitary sewer connection with the Belmont County sanitary sewer lines. The Village did not have a single audit as required to OMB A-133.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-003	No new federal projects are anticipated in the near future but new management will ensure if any occur, the auditors will be told immediately so a Single Audit can be performed timely.	n/a	Paula Fankouser, Fiscal Officer

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
Schedule of Findings - continued  
For the Years Ending December 31, 2008 and 2007**

<b>FINDINGS FOR FEDERAL AWARDS - (continued)</b>
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<b>Finding Number</b>	<b>2008-004</b>
<b>CFDA Title and Number</b>	<b>Water and Waste Disposal Systems for Rural Communities, CFDA #10.760 Multimedia Capacity Building Grants for States and Tribes, CFDA #66.709</b>
<b>Federal Award Number / Year</b>	<b>2007</b>
<b>Federal Agency</b>	<b>U.S. Environmental Protection Agency U.S. Department of Agriculture</b>
<b>Pass Through Agency</b>	<b>None</b>

As discussed in 2008-002, the Village did not record federal receipts and disbursements related to sanitary sewer projects connecting lines to Belmont County in their financial statements, nor did they prepare a federal schedule timely. As a result the financial statements were understated for receipts and disbursements for 2007 and a Single Audit was not performed timely. (See finding 2008-003)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-004	No new federal projects are anticipated in the near future but new management will ensure if any occur, all activity will be properly recorded.	n/a	Paula Fankouser, Fiscal Officer

**VILLAGE OF BELMONT  
BELMONT COUNTY, OHIO  
For the Years Ending December 31, 2008 and 2007**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the years ending December 31, 2006 and 2005, reported no material citations or recommendations.



# Dave Yost • Auditor of State

VILLAGE OF BELMONT

BELMONT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 27, 2011