

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

AUDIT REPORT

JANUARY 1, 2018 - DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



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

Village Council
Village of Bellaire
3197 Belmont Street
Bellaire, Ohio 43906

We have reviewed the *Independent Auditors' Report* of the Village of Bellaire, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following: The Auditor of State is currently conducting an investigation at the Village. The investigation is ongoing and control or compliance issues, if any, related to this investigation will be addressed in future audit reports.

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 Bellaire is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 27, 2020

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**VILLAGE OF BELLAIRE
BELMONT COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Bellaire
Belmont County
3197 Belmont Street
Bellaire, Ohio 43906

To the Honorable Mayor and Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Bellaire, Belmont County, as of and for the year ended December 31, 2018.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Bellaire, Belmont County as of December 31, 2018 or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and the related notes of Village of Bellaire, Belmont County as of December 31, 2018 for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2019, on our consideration of Village of Bellaire's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 19, 2019

Village of Bellaire
Belmont County
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance -
All Governmental Fund Types
For The Year Ended December 31, 2018

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Income Taxes	\$ 842,178	\$ -	\$ -	\$ 842,178
Property Taxes	73,761	45,604	-	119,365
Charges for Services	116,793	7,956	-	124,749
Fines, Licenses and Permits	78,705	2,610	-	81,315
Intergovernmental	181,082	298,013	-	479,095
Interest	12,043	642	-	12,685
Rent	-	-	34,459	34,459
Contributions and Donations	10,093	-	-	10,093
Other	61,330	6,722	-	68,052
Total Cash Receipts	1,375,985	361,547	34,459	1,771,991
Cash Disbursements:				
Current:				
General Government	670,770	-	-	670,770
Security of Person and Property	725,930	1,700	-	727,630
Community Environment	-	12	24	36
Transportation	-	323,175	-	323,175
Capital Outlay	1,000	-	-	1,000
Debt Service:				
Principal Retirements	56,719	53,678	-	110,397
Interest and Fiscal Charges	14,872	12,651	-	27,523
Total Cash Disbursements	1,469,291	391,216	24	1,860,531
Excess of cash Receipts Over (Under)				
Cash Disbursements	(93,306)	(29,669)	34,435	(88,540)
Other Financing Receipts (Disbursements)				
Transfers In	-	40,000	-	40,000
Proceeds of Loans	109,500	-	-	109,500
Proceeds from Sale of Assets	16,349	-	-	16,349
Transfers Out	(47,144)	-	-	(47,144)
Total Other Financing Receipts (Disbursements)	78,705	40,000	-	118,705
Net Change in Fund Cash Balance	(14,601)	10,331	34,435	30,165
Fund Cash Balance, January 1	646,113	351,502	139,230	1,136,845
Fund Cash Balances, December 31;				
Nonspendable	15,556	-	-	15,556
Restricted	-	361,833	-	361,833
Committed	-	-	173,665	173,665
Assigned	329,730	-	-	329,730
Unassigned	286,226	-	-	286,226
Fund Cash Balance, December	\$ 631,512	\$ 361,833	\$ 173,665	\$ 1,167,010

See notes to financial statements.

Village of Bellaire
Belmont County
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance -
All Proprietary and Fiduciary Fund Types
For The Year Ended December 31, 2018

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 2,065,933	\$ 433,499	\$ -	\$ 2,499,432
Other	50,585	163,806	-	214,391
Total Operating Cash Receipts	2,116,518	597,305	-	2,713,823
Operating Cash Disbursements:				
Personal Services	1,028,759	-	-	1,028,759
Contractual Services	400,576	138,330	-	538,906
Material and Supplies	449,256	-	-	449,256
Claims	-	430,594	-	430,594
Capital Outlay	321,741	-	-	321,741
Other	10,467	-	-	10,467
Total Operating Cash Disbursements	2,210,799	568,924	-	2,779,723
Operating Income (Loss)	(94,281)	28,381	-	(65,900)
Non-Operating Cash Receipts:				
Other Non-Operating Cash Receipts	267	-	73,354	73,621
Proceeds from OWDA Loans	319,989	-	-	319,989
Interest	-	2,346	-	2,346
Total Non-Operating Cash Receipts:	320,256	2,346	73,354	395,956
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	-	-	72,533	72,533
Principal Retirement	83,339	-	-	83,339
Interest and Fiscal Charges	19,367	-	-	19,367
Total Non-Operating Cash Disbursements:	102,706	-	72,533	175,239
Income ((Loss) Before Transfers	123,269	30,727	821	154,817
Transfers In	7,144	-	-	7,144
Net Change in Fund Cash Balance	130,413	30,727	821	161,961
Fund Cash Balance, January 1	508,261	58,335	17,446	584,042
Fund Cash Balance, December 31	<u>\$ 638,674</u>	<u>\$ 89,062</u>	<u>\$ 18,267</u>	<u>\$ 746,003</u>

See notes to financial statements.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bellaire (the Village) is a body politic, incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the laws of the state of Ohio. The Village is located in Belmont County, in Southeastern Ohio, on the Ohio River. Bellaire was incorporated as a village in 1860. The Village was established as a statutory municipal corporation in 1873. Bellaire has a land are or 1.9 square miles and a 2010 census population of 4,278. A publicly-elected six-member Council governs the Village. The Village provides water, sewer and sanitation utilities, maintenance of Village Streets, recreation, fire and emergency medical services, and police services. The Village contracts with the Neff's Volunteer Fire Department to provide fire protection and emergency medical services. The Village is involved with the Eastern Ohio Regional Transit Authority, Ohio Mid-Eastern Governments Association (OMEGA), Jefferson-Belmont Joint Solid Waste Authority, Bel-O-Mar Regional Council, and the Eastern Ohio Regional Wastewater Authority (EORWA), which are defined as jointly governed organizations. The Village also participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Notes 6 and 13 to the financial statements provide additional information for these entities. The Village also, participates in a claims servicing pool, the Jefferson Health Plan which is presented in Note 14.

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village did not have any investments in 2018.

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:

General Fund

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

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

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

Permissive Tax Fund – This fund receives vehicle registration taxes and is used for constructing, maintaining, and repairing Village streets.

Capital Projects Funds

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

Commerce Park Fund – This fund accounts for property rental fees charged to businesses located on Village owned property.

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 – This fund accounts for the provision of water service to the residents and commercial users within the Village.

Sanitation Fund – This fund accounts for the provision of sanitation services to the residents and commercial users located within the Village.

Internal Service Fund

This fund accounts for services provided by one department to other departments of the governmental unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Agency Funds

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Appropriations

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

Encumbrances

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

A summary of 2018 budgetary activity appears in Note 3.

F. Fund Balance

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

Nonspendable

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

Restricted

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in 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.

G. Property, Plant and Equipment

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

H. 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.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits. The Village has no investments. The carrying amount of deposits at December 31, 2018 was as follows:

	2018
Demand Deposits	\$ 1,823,726
Total Deposits	\$ 1,823,726

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

Cash on Hand: At year end, the Village had \$225 in un-deposited cash on hand which is included as part of the Village's fund balances

Cash with Fiscal Agent: The Village participates in the Jefferson Health Plan Health Benefits Consortium. The Village has \$89,062 internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

3. BUDGETARY ACTIVITY

Budgetary Activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,444,070	\$ 1,501,834	\$ 57,764
Special Revenue	352,448	401,547	49,099
Capital Projects	24,000	34,459	10,459
Enterprise	2,602,838	2,443,918	(158,920)
Internal Service	-	599,651	599,651
Total	\$ 4,423,356	\$ 4,981,409	\$ 558,053

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,001,757	\$ 1,846,165	\$ 155,592
Special Revenue	391,256	391,216	40
Capital Projects	24	24	-
Enterprise	2,382,284	2,313,505	68,779
Internal Service	-	568,924	(568,924)
Total	\$ 4,775,321	\$ 5,119,834	\$ (344,513)

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% on substantially all income earned within the Village. In addition, the residents of the Village are required to pay income tax on income earned outside the Village; however, the Village allows a credit for income taxes paid to another municipality up to 100% of the Village's current tax rate.

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

6. RISK MANAGEMENT

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:

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. SELF INSURANCE

The Village is also self-insured for employee health insurance. The Self Insurance fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance fund cash and investments to the actuarially-measured liability as of December follows:

	<u>2018</u>
Cash and Investments	\$ 89,062
Actuarial liabilities	-

8. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OP&F participants contributed 12.25% of their wages. For 2018, the Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. For 2018, OPERS members contributed 10.00% of their gross salaries and the Village contributed an amount equaling 14.00% of participant' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2018. OP&F contributes .05% to fund these benefits.

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

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	2018 Principal	Interest Rate
<u>Enterprise Fund Obligations</u>		
<i>General Obligation Bonds:</i>		
Sanitary Sewer Bond	\$ 178,300	5.00%
OWDA Loan - Brooksrn	148,444	0.00%
OWDA Loan – Water Intake	1,022,429	0.00%
OWDA Loan – Water Plant Upgrade	608,655	3.00%
Valve Maintenance Trailer Loan	28,897	4.95%
Total Enterprise Fund Obligations	1,986,725	
 <u>Governmental Fund Obligations</u>		
Police & Fire Pension	251,040	4.25%
Roof Loan	102,653	5.50%
<i>Capital Leases:</i>		
Fire Truck Lease	264,593	3.37%
Total Governmental Fund Obligations	618,286	
Total	\$ 2,605,011	

The Enterprise Fund obligations (general obligation bonds, OWDA loans and Valve Maintenance Trailer Loan) will be paid from revenues derived from charges for services in the enterprise funds. The police and fire pension liability will be paid from property tax revenues from the Police Pension and Fire Pension Special Revenue Funds. The roof loan will be paid from the property tax revenue collected for the General Fund.

The capital lease obligation for the fire truck will be paid from the General Fund and Fire Levy special revenue fund.

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

Year Ending December 31;	Police and Fire Pension	Roof Loan
2019	\$ 21,330	\$ 14,263
2020	21,330	14,263
2021	21,330	14,263
2022	21,330	14,263
2023	21,330	14,263
2024-2028	106,649	60,586
2029-2033	106,649	-
2034-2038	31,031	-
Total	\$ 350,979	131,901

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

Year Ending December 31;	Enterprise Funds		
	General	OWDA	Valve
	Obligation Bonds	Loans	Maintenance Trailer
2019	\$ 23,015	\$ 53,715	\$ 4,227
2020	23,110	53,715	4,227
2021	23,065	53,715	4,227
2022	23,085	53,715	4,227
2023	23,065	53,715	4,227
2024-2028	115,605	268,575	15,851
2029-2033	-	268,575	-
2034-2038	-	268,575	-
2039-2043	-	96,573	-
Total	\$ 230,945	\$ 1,170,873	\$ 36,986

During 2009, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$973,291 to the Village for the Brooks Run Waterline Replacement project. Of this amount, \$644,000 in principal was forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which left \$329,291 to be the total amount financed by the Village. The Village is repaying the 0% interest loan in semi-annual installments. The \$148,444 is the total principal outstanding on this loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The waterline replacement project was completed in 2012.

During 2012, the Village borrowed \$75,000 at an interest rate of 4.865% in order to purchase a 2012 International Packer for use in the sanitation department. The first payment was made in January 2012 and the loan matured on December 22, 2018. The loan payments were made from the sanitation fund.

During 2013, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$2,341,172 to the village for the Water Intake project. Of this amount, \$927,656 in principal was forgiven through assistance from funding through the OWDA Water Supply Revolving Loan Account. During 2013, a total of \$686,342 was drawn down, with an additional \$334,624 drawn down in 2014, \$172,013 in 2016 and \$18,047 in 2017. The Village will repay the 0% interest loan in semi-annual installments. The first payment was due in 2014 and the final payment will be due in 2044. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2017, the Village borrowed \$33,290 at an interest rate of 4.95% in order to purchase equipment to be used by the water and sewer departments. The first payment was made in October 2017 and the loan matures in September of 2027. The loan payments will be made from the water and sewer funds.

During 2017, the Ohio Water Development Authority (OWDA) approved a loan in the amount of \$288,666 to the Village for water Plant Upgrade Designs. During 2018, OWDA rolled this loan into Water Plant Upgrade Phase I and an additional \$319,989, including capitalized interest and fees, was drawn down. The Village will repay the 3.00% interest loan in semi-annual installments from the water utility fund. As of December 31, 2018 no amortization schedule is available, therefore, this loan is not included in the table above.

During 2018, the Village borrowed \$109,500 from Progressive Bank at an interest rate of 5.50%. The loan was borrowed in order to construct a new roof. The first payment was made in March 2018 and the loan matures on March 23, 2028. The loan payments are made from the General Fund.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

The Village's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2018 was \$350,979 in principal and interest payments through the year 2035. Payments are made from property tax receipted into the Police and Fire Pension Special Revenue Funds.

11. CAPITAL LEASES

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018.

Year Ending December 31;	Governmental Police and Fire Pension
2019	\$ 43,063
2020	43,063
2021	43,063
2022	43,063
2023	43,063
2024-2028	86,126
Total Minimum Lease Payments	301,441
Less: Amount represent interest	(36,848)
Present Value of Minimum Lease Payments	\$ 264,593

12. OTHER LIABILITIES

During 2008, the Village entered into a contract with the Ohio Department of Transportation (ODOT) to provide for payment in the amount of \$200,000 which is a portion of the cost of the relocation of State Route 149. The Villages pledges its rights, title and interest in the Village's Motor Vehicle Gasoline Tax Revenues to ODOT. If the funds from Motor Vehicle Gasoline Tax Revenues are insufficient to make any required payment, the Village agrees to use its General Fund revenue. On September 24, 2007, the Village paid a \$1,500 deposit leaving the total amount pledged as \$198,500. This amount is to be paid over fifteen years and is interest free. The total amount outstanding on this pledge at December 31, 2018 was \$58,500.

Year	Pledge to ODOT
2019	15,000
2020	15,000
2021	15,000
2022	13,500
	\$ 58,500

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

13. JOINTLY GOVERNED ORGANIZATIONS

Eastern Ohio Regional Transit Authority

The Eastern Ohio Regional Transit Authority was established to provide transportations to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Village did not contribute any amounts to the Authority during 2018. The continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists. The Authority has no outstanding debt for which the Village of Bellaire is responsible.

Jefferson-Belmont Joint Solid Waste Authority

The Jefferson-Belmont Joint Solid Waste Authority was established by State statutes and is operated to provide solid was services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the Village of Bellaire is a member. The Authority is not dependent on the Village of Bellaire for its continued existence, no debt exists, and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

Ohio Mid-Eastern Governments Association (OMEGA)

The Ohio Mid-Eastern Governments Association (OMEGA) is ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. Village membership is voluntary. The Mayor of the Village of Bellaire serves as the Village's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2018, OMEGA did not receive any fees from the Village of Bellaire. The continued existence of OMEGA is not dependent on the Village's continued participation and no equity interest exists. OMEGA has no outstanding debt.

Bel-O-Mar Regional Council

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the Village of Bellaire serves as the Village's representative on the board. The Council is not dependent upon the Village of Bellaire for its continued existence, no debt exists, and the Village does not maintain an equity interest. During 2018, the Village made \$1,412 in payments to Bel-O-Mar Regional Council.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Eastern Ohio Regional Wastewater Authority (EORWA)

The Eastern Ohio Regional Wastewater Authority (EORWA) was established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport, and Martins Ferry. The Authority is operated by a four-member Board of Trustees. One member is appointed by the Mayor of Bellaire. The Authority is not dependent on the Village of Bellaire for its continued existence and the Village does not maintain an equity interest. During 2018, the Village made no payments to the EORWA.

14. CLAIMS SERVICING POOL

Jefferson Health Plan

The Village participates in the Jefferson Health Plan, a claims servicing pool established pursuant to Ohio Revised Code Chapter 167. The legislative body of the Consortium is an assembly consisting of a designee from each of its 90 members. The membership of the assembly appoints a nine-member Board of Directors, which acts as the managerial body of the Consortium. The Consortium provides a cooperative program to administer medical, prescription, vision and dental benefits to employees of the participating entities and their eligible dependents. The Village of Bellaire paid \$8,986 to the Jefferson Health Plan during 2018 for services.

15. INTERFUND TRANSFERS

	Transfer From
Transfer To	General
Governmental Fund Type: Special Revenue	\$ 40,000
Proprietary Fund Type: Enterprise	7,144
Total	\$ 47,144

The transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

16. FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for governmental fund types are presented as follows:

	General	Special Revenue Funds	Capital Projects	Total
Nonspendable for:				
Unclaimed Monies	\$ 15,556	\$ -	\$ -	\$ 15,556
Restricted for:				
Road Improvements	-	210,894	-	210,894
Parking Meter	-	58,783	-	58,783
Computer Improvements	-	8,479	-	8,479
Fire and Emergency Service Operations	-	5,157	-	5,157
Law Enforcement Programs	-	16,899	-	16,899
CHIP Programs	-	6,295	-	6,295
Community Development	-	27,241	-	27,241
Police and Fire Pension	-	26,843	-	26,843
Miscellaneous	-	1,242	-	1,242
Total Restricted	-	361,833	-	361,833
Committed for:				
Commerce Park	-	-	186,143	186,143
Assigned for:				
Encumbrances:				
General Government	213,083	-	-	213,083
Security of Persons and Property	116,647	-	-	116,647
Total Assigned	329,730	-	-	329,730
Unassigned	273,748	-	-	273,748
<i>Total Fund Balance</i>	<i>\$ 619,034</i>	<i>\$ 361,833</i>	<i>\$ 186,143</i>	<i>\$ 1,167,010</i>

17. ENCUMBRANCE COMMITMENTS

Outstanding encumbrances for governmental funds include \$329,730 in the general fund.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

18. ENCUMBRANCE COMMITMENTS

During 2018, a prior year third party administrator billing error was identified and corrected. The beginning cash fund balance of the internal service fund was adjusted as follows:

	<u>Internal Service</u>
Fund Balance at December 31, 2017	\$ 325,516
Adjustments	<u>(267,181)</u>
Fund Balance at January 1, 2018	<u>\$ 58,335</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Bellaire
Belmont County
3197 Belmont Street
Bellaire, Ohio 43906

To the Honorable Mayor and Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Bellaire, Belmont County as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated June 19, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2018-002, 2018-004 and 2018-005 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2018-001 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bellaire's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-002 and 2018-003.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 19, 2019

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-001

Significant Deficiency – Payroll Bank Account Reconciliations

The Village’s management has a responsibility to design and maintain internal controls over financial reporting. Internal controls must exist over the cash reconciliation process. Timely reconciliation and review should be completed by the appropriate personnel.

The Village Clerk prepares monthly bank reconciliations for the general checking account and he department heads prepare monthly bank reconciliations for their accounts, however, there was no evidence of these reconciliations being reviewed or approved by anyone. Also, the Village utilizes a payroll clearing account and this account is not being reconciled. Not approving and not preparing reconciliations of bank accounts can allow for inaccurate ledger balances and increase the chances of error or fraud that otherwise could be detected in a timely manner by village employees.

We recommend every account held by the Village be reconciled monthly and reviewed and/or approved by the department head and/or Village Council. We also recommend the Village take steps to reconcile the payroll clearing account.

Client Response: The Village will make attempts to reconcile the payroll account.

FINDING NUMBER 2018-002

Material Weakness and Noncompliance

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources.

Based on tests performed, we noted the General Fund, Fire Levy Fund, Permanent Improvement Fund and Fire Pension Fund had appropriations exceeding estimated resources by \$2,043, \$676, \$5,450 and \$2,589 respectively.

Failure to monitor estimated resources and appropriations could result in the Village committing funds to be spent which are not available to spend.

We recommend the Village compare estimated resources to appropriations in all funds that are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to ensure compliance with the above requirements.

Client Response: The Village will make every effort to monitor appropriations and estimated resources.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-003

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

- If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”) and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution “Then and Now” Certificates. Amounts less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal Officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 78% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: The Village will continue to monitor expenditures being certified for payment.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-004

Material Weakness – Internal Control

During audit testing we noted some items that we feel need to be stated for the Village to maintain and increase the effectiveness over internal controls.

- Payroll time sheets are not descriptive enough to state what fund the work was done in and where it should be paid. Time sheets currently used lists the days of the week, a column for regular hours, OT hours, Holiday Hours, sick and vacation. As noted it does not list what fund the work was done in. There is a time sheet the Village has that lists the funds the Village pays from and then the rest on the current time sheet. We recommend that the new time sheet be used to properly state where payroll should be paid from and should eliminate any confusion or questions why someone was paid from a certain fund.
- There were multiple instances where late fees were paid by the Village. We recommend that all payments be made on time. If for some reason, it can't be, we recommend at least trying to make arrangements with those vendors so minimize fees and penalties.
- We recommend that when getting new loans or banking services, compare a few institutions before settling on one so that the Village may be able to obtain the most favorable rates and terms. This could possibly save the Village money.
- The Village for many years has been calculating and paying Comp. Time for various administrative positions and certain departments. Therefore, you could reasonably infer that the Village intended to have Comp. Time as part of a benefits package. However, the Village has no written Comp. Time policy. We recommend that the Village establish a written Comp. Time policy if it intends for Comp. Time to be part of the benefits package.
- We did not note any policy that covers the hiring of family members of current Village employees. We feel a written policy covering the process of hiring a family member would eliminate any concern of impropriety. This policy would contain the steps of the interview process, who does the interviews, who approves the hire, who can deny the hire and any other step that the Village feels necessary.

Client Response: We will consider the above as we move forward.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-005

Material Weakness

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

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- The Village posted Comcast cable franchise fees of \$12,478 to the Commerce Park Fund. This amount was adjusted to the General Fund to properly post this receipt.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We will review postings as we move forward.

**VILLAGE OF BELLAIRE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	No evidence of review of bank reconciliations. No reconciliation for payroll account	No	Not Corrected Repeated as Finding 2018-001
2017-002	5705.39 Appropriations exceeding estimated resources	No	Not Corrected Repeated as Finding 2018-002
2017-003	5705.41(D) expenditures made without prior certification	No	Not Corrected Repeated as Finding 2018-003
2017-004	Internal Control Wages, Comp Time	No	Not Corrected Repeated as Finding 2018-004

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BELLAIRE

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
MAY 7, 2020