





**VILLAGE OF BELMORE  
PUTNAM COUNTY  
DECEMBER 31, 2020, 2019, AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Belmore  
Putnam County  
311 Main Street  
P.O. Box 10  
Belmore, Ohio 45815-0010

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Belmore, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2020, 2019 and 2018. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

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

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2020-009, 2020-019, 2020-024, and 2020-027 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2020-009, 2020-010, 2020-013, and 2020-019.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 10, 2022

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$2,104	\$1,932		\$4,036
Intergovernmental	30,473	7,045	\$35,470	72,988
Fines, Licenses and Permits	363			363
Earnings on Investments	3	233		236
Miscellaneous	500			500
<i>Total Cash Receipts</i>	<u>33,443</u>	<u>9,210</u>	<u>35,470</u>	<u>78,123</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	2,906	5,819		8,725
Leisure Time Activities	48			48
Basic Utility Services	528	176		704
General Government	26,002			26,002
Capital Outlay			35,470	35,470
<i>Total Cash Disbursements</i>	<u>29,484</u>	<u>5,995</u>	<u>\$35,470</u>	<u>70,949</u>
<i>Net Change in Fund Cash Balances</i>	3,959	3,215		7,174
<i>Fund Cash Balances, January 1</i>	<u>9,630</u>	<u>46,394</u>		<u>56,024</u>
<i>Fund Cash Balances, December 31</i>	<u>\$13,589</u>	<u>\$49,609</u>		<u>\$63,198</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balance (Regulatory Cash Basis)**  
*Proprietary Fund Type*  
**For the Year Ended December 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$15,917
<b>Operating Cash Disbursements</b>	
Contractual Services	14,281
<i>Net Change in Fund Cash Balance</i>	1,636
<i>Fund Cash Balance, January 1</i>	8,939
<i>Fund Cash Balance, December 31</i>	\$10,575

*The notes to the financial statements are an integral part of this statement.*



**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Belmore, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, police services, street maintenance and repair, and general government 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.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Lighting Fund*** This fund receives property tax receipts for operating the Village's street lights.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Ohio Public Works Commission Fund*** This fund accounts for and reports an Ohio Public Works Commission grant for street improvements within the Village.

***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 Fund:

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

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

***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 Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(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*.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Lighting, and Sewer Operating Funds in the amounts of \$29,484, \$5,819, and \$14,281, respectively. In addition, contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded property taxes, donations, fines, and intergovernmental revenue in the wrong fund and had a deficit fund balance in the Street Lighting Fund in the amount of \$7,051.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$33,443	\$33,443
Special Revenue		9,210	9,210
Capital Projects		35,470	35,470
Enterprise		15,917	15,917
Total		\$94,040	\$94,040

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$29,484	(\$29,484)
Special Revenue		5,995	(5,995)
Capital Projects	\$35,470	35,470	
Enterprise		14,281	(14,281)
Total	\$35,470	\$85,230	(\$49,760)

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2020
Demand deposits	<u>\$48,244</u>
Certificates of deposit	<u>25,529</u>
Total deposits	<u><u>\$73,773</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$778 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Property Taxes**

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

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

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

**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Professional liability;
- Inland Marine; and
- Business Auto.

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the Member Directed Plan was 4 percent during calendar year 2020.

**Note 10 – Debt**

Ohio Water Development Authority (OWDA) Loan #7512 relates to Wastewater System Improvements undertaken by the Village. The OWDA approved this loan up to \$1,543,446 to the Village; however, the Village only borrowed \$1,507,026 for this project as of December 31, 2020. This project is funded through the Water Pollution Control Loan Fund, of which \$1,507,026 of the commitment is principal forgiveness with \$0 to be repaid by the Village.

**Note 11 – Fund Balances**

The fund balance of Special Revenue Funds is restricted.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Change in Accounting Principle**

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 14 – Subsequent Events**

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$3,475	\$1,972	\$5,447
Intergovernmental	29,372	5,946	35,318
Earnings on Investments	21	58	79
Miscellaneous	1,000		1,000
<i>Total Cash Receipts</i>	<u>33,868</u>	<u>7,976</u>	<u>41,844</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	5,743	4,347	10,090
Leisure Time Activities	110		110
Transportation		3,471	3,471
General Government	27,773		27,773
<i>Total Cash Disbursements</i>	<u>33,626</u>	<u>7,818</u>	<u>41,444</u>
<i>Net Change in Fund Cash Balances</i>	242	158	400
<i>Fund Cash Balances, January 1</i>	<u>9,388</u>	<u>46,236</u>	<u>55,624</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		49,875	49,875
Unassigned (Deficit)	9,630	(3,481)	6,149
<i>Fund Cash Balances, December 31</i>	<u>\$9,630</u>	<u>\$46,394</u>	<u>\$56,024</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$9,947
<b>Operating Cash Disbursements</b>	
Contractual Services	14,602
<i>Operating Loss</i>	(4,655)
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	6,910
Loans Issued	6,910
Capital Outlay	(6,910)
Principal Retirement	(6,910)
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Net Change in Fund Cash Balance</i>	(4,655)
<i>Fund Cash Balance, January 1</i>	13,594
<i>Fund Cash Balance, December 31</i>	\$8,939

*The notes to the financial statements are an integral part of this statement.*

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Belmore, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, police services, street maintenance and repair, and general government 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.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Street Lighting Fund*** This fund receives property tax receipts for operating the Village's street lights.

***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 Fund:

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

***Basis of Accounting***

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



**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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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.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

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

***Fund Balance***

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

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

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

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction Maintenance and Repair, Street Lighting, and Sewer Operating Funds in the amounts of \$33,626, \$3,471, \$4,347, and \$14,602, respectively. In addition, contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded property taxes and intergovernmental revenue in the wrong fund.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$33,868	\$33,868
Special Revenue		7,976	7,976
Enterprise		23,767	23,767
Total		\$65,611	\$65,611

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$33,626	(\$33,626)
Special Revenue		7,818	(7,818)
Enterprise	\$13,820	28,422	(14,602)
Total	\$13,820	\$69,866	(\$56,046)

**Note 5 – Deposits**

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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	2019
Demand deposits	<u>\$39,485</u>
Certificates of deposit	<u>25,478</u>
Total deposits	<u><u>\$64,963</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Property Taxes**

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

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

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

**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Professional liability;
- Inland Marine; and
- Business Auto.

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 10 – Debt**

Ohio Water Development Authority (OWDA) Loan #7512 relates to Wastewater System Improvements undertaken by the Village. The OWDA approved this loan up to \$1,543,446 to the Village; however, the Village only borrowed \$1,507,026 for this project as of December 31, 2019. This project is funded through the Water Pollution Control Loan Fund, of which \$1,507,026 of the commitment is principal forgiveness with \$0 to be repaid by the Village.

**Note 11 – Contingent Liabilities**

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

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2020, the Village was awarded a grant through the Ohio Public Works Commission up to an amount of \$40,000, which will be used for street improvements.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$4,810	\$2,674		\$7,484
Intergovernmental	27,456	31,914	\$59,937	119,307
Fines, Licenses and Permits	30			30
Earnings on Investments	5	58		63
Miscellaneous	100	20,000		20,100
<i>Total Cash Receipts</i>	<u>32,401</u>	<u>54,646</u>	<u>59,937</u>	<u>146,984</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	3,083	4,077		7,160
Leisure Time Activities	107			107
Transportation		38,145		38,145
General Government	27,405			27,405
Capital Outlay	2,000	5,482	59,937	67,419
<i>Total Cash Disbursements</i>	<u>32,595</u>	<u>47,704</u>	<u>\$59,937</u>	<u>140,236</u>
<i>Net Change in Fund Cash Balances</i>	(194)	6,942		6,748
<i>Fund Cash Balances, January 1</i>	<u>9,582</u>	<u>39,294</u>		<u>48,876</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		47,632		47,632
Unassigned (Deficit)	9,388	(1,396)		7,992
<i>Fund Cash Balances, December 31</i>	<u>\$9,388</u>	<u>\$46,236</u>		<u>\$55,624</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Belmore**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2018*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$20,320
<b>Operating Cash Disbursements</b>	
Contractual Services	12,508
<i>Operating Income</i>	7,812
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	155,687
Loans Issued	155,687
Capital Outlay	(155,687)
Principal Retirement	(155,687)
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Net Change in Fund Cash Balance</i>	7,812
<i>Fund Cash Balance, January 1</i>	5,782
<i>Fund Cash Balance, December 31</i>	\$13,594

*The notes to the financial statements are an integral part of this statement.*

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Belmore, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, police services, street maintenance and repair, and general government 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.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Ohio Public Works Commission Fund*** This fund accounts for and reports an Ohio Public Works Commission grant for street improvements within the Village.

***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 Fund:

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

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

***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 Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(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.

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction Maintenance and Repair, Street Lighting, and Sewer Operating Funds in the amounts of \$32,595, \$43,598, \$4,077, and \$12,508, respectively. In addition, contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded intergovernmental revenue in the wrong fund.

**Note 4 – 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		\$32,401	\$32,401
Special Revenue		54,646	54,646
Capital Projects		59,937	59,937
Enterprise		331,694	331,694
Total		\$478,678	\$478,678

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$32,595	(\$32,595)
Special Revenue		47,704	(47,704)
Capital Projects	\$59,937	59,937	
Enterprise	311,374	323,882	(12,508)
Total	\$371,311	\$464,118	(\$92,807)

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 5 – Deposits**

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

	<u>2018</u>
Demand deposits	\$43,791
Other time deposits (savings)	<u>25,427</u>
Total deposits	<u><u>\$69,218</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Property Taxes**

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

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

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

**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Professional liability;
- Inland Marine; and
- Business Auto.

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Ohio Water Development Authority (OWDA) Loan #7512 relates to Wastewater System Improvements undertaken by the Village. The OWDA approved this loan up to \$1,543,446 to the Village; however, the Village only borrowed \$1,500,116 for this project as of December 31, 2018. This project is funded through the Water Pollution Control Loan Fund, of which \$1,500,116 of the commitment is principal forgiveness with \$0 to be repaid by the Village.

Ohio Water Development Authority (OWDA) Loan #7513 relates to Wastewater System Improvements undertaken by the Village. The OWDA approved this loan up to \$750,000 to the Village; and, the Village borrowed all \$750,000 for this project as of December 31, 2018. This project is funded through the Other Projects – Unsewered Area Fund, of which \$750,000 of the commitment is repaid with an on-behalf OWDA grant with \$0 to be repaid by the Village.

**Note 11 – Construction and Contractual Commitments**

In 2016, the Village began work on an approximately \$2 million project for the establishment of a sewer system. The Village was awarded a \$1,543,446 principal-forgiveness loan from the Environmental Protection Agency Water Pollution Control Loan Fund for the construction of the system, and an Ohio Water Development Agency Planning Loan in the amount of \$750,000 to be repaid from the grant funds once the project was bid out and a contractor was chosen for the work. There is also an Ohio Water Development Agency Design Loan in the amount of \$294,326 for this project. The project will be completed in 2019. The Village began offering sewer services to residents in 2016.

**Note 12 – Contingent Liabilities**

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

**Note 13 – Miscellaneous Revenues**

Miscellaneous receipts in the Special Revenue Fund primarily consisted of a reimbursement.

**Note 14 – Subsequent Events**

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

VILLAGE OF BELMORE  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020, 2019, AND 2018

<b><i>Finding Number</i></b>	<b>2020-001</b>
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**Noncompliance – Public Records Training**

**Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their appropriate designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training may include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her appropriate designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Four of eight (50%) of the Village's elected officials with terms ending in 2020, 2019, and 2018, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their appropriate designee(s), shall, during their term of office, attend public records training and maintain proof of completion of the training.

<b><i>Finding Number</i></b>	<b>2020-002</b>
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**Noncompliance – Annual Report Filing**

**Ohio Rev. Code § 117.38(B)** requires entities filing on a cash basis to file their annual report with the Auditor of State (AOS) within 60 days of the fiscal year-end. The AOS has implemented the Hinkle Annual Financial Data Reporting System, which is an internet based application that allows certain financial statement, debt, and demographic data to be entered, uploaded and transmitted to the AOS to satisfy the filing requirements prescribed by the Ohio Revised Code (ORC) and the Ohio Administrative Code (OAC).

The Village's 2020, 2019, and 2018 annual financial reports were due on March 1, 2021, March 2, 2020, and March 1, 2019, respectively; however, due to deficiencies in policies and procedures over the filing of annual reports, the Village's 2020 report was filed on December 1, 2021 and the 2019 and 2018 reports were not filed until April 23, 2021. Failing to file by the required date could result in penalties of \$25 per day up to a maximum of \$750.

The Village should file a complete annual financial report, including the financial statements and notes to the financial statements, on the AOS Hinkle System within 60 days of fiscal year-end.

<b><i>Finding Number</i></b>	<b>2020-003</b>
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**Noncompliance – Fraud Reporting System**

**Ohio Rev. Code § 117.103(B)(1)** states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Since May 4, 2012, Ohio Rev. Code § 117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code § 117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

For 2020, 2019, and 2018, the Village neither made its current employees aware of the new fraud reporting system nor made a new employee confirm receipt of this information, due to deficiencies in internal control policies and procedures over the fraud-reporting system. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

<b><i>Finding Number</i></b>	<b>2020-004</b>
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#### **Noncompliance – Council Meetings**

**Ohio Rev. Code § 121.22(F)** requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of any emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall immediately notify the news media that have requested notification.

Due to a lack of policies and procedures over notifying the public of council meetings, the Village did not notify the public or news media about any Village Council meeting in 2020, 2019, and 2018. Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws. Failure to do so could result in the Court declaring actions taken null and void and the Village being subject to significant penalties for breach of the Sunshine Law.

<b><i>Finding Number</i></b>	<b>2020-005</b>
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#### **Noncompliance – Annual Continuing Education**

**Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

Due to deficiencies in policies and procedures over monitoring compliance with continuing education requirements, the Clerk/Treasurer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office in fiscal years 2020, 2019, and 2018. Failing to complete the required training or exemption could result in improper investments.

In order to maintain and enhance the working knowledge and prevent future occurrences of noncompliance, the Clerk/Treasurer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

<b><i>Finding Number</i></b>	<b>2020-006</b>
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**Noncompliance – Records Retention**

**Ohio Rev. Code § 149.351(A)** provides, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under rules adopted by the records commission provided under sections 149.38 and 149.42 of the Revised Code."

During 2019 and 2018, due to a lack of internal policies and control procedures over maintaining ordinances, appropriation ordinances could not be located. Failure to adequately maintain documentation could result in incomplete or inaccurate financial records being maintained.

The Village should ensure all ordinances and resolutions approved by Council are retained and adequately safeguarded in accordance with the Ohio Rev. Code.

<b><i>Finding Number</i></b>	<b>2020-007</b>
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**Noncompliance – Public Retention Policy and Schedule**

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

Due to deficiencies in policies and procedures over records retention, the Village does not have a formal records retention policy and schedule.

The Village shall adopt a formal records retention policy and schedule, which includes provisions for the application or schedule for destruction of public records, including transmission to the Ohio History Connection and approval by the Auditor of State's Office pursuant to Ohio Rev. Code § 149.381.

<b><i>Finding Number</i></b>	<b>2020-008</b>
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**Noncompliance – Public Records Policy**

**Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

**Ohio Rev. Code § 149.43(E)(2)** further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Village has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Village's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

**Pursuant to Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

<b><i>Finding Number</i></b>	<b>2020-009</b>
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#### **Noncompliance and Internal Control Deficiency – Monies Recorded in Improper Fund**

**Ohio Rev. Code § 5705.10(A)** provides in part that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by a vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund. **Ohio Rev. Code § 5705.10(C)** requires “all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Furthermore, **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- In 2020, the Village inappropriately recorded \$1,004 in homestead and rollback and gasoline excise tax revenue in the General Fund. Given the source of the revenue, \$635, \$52, and \$317 should have been recorded in the Street Construction Maintenance and Repair, State Highway, and the Street Lighting Funds, respectively.
- In 2020, the Village inappropriately recorded \$863 in donations and fines revenue in the Sewer Operating Fund as charges for services. Given the source of the revenue \$500 and \$363 should have been recorded in the General Fund as miscellaneous and fines, licenses and permits revenue, respectively.
- In 2020 and 2019, the Village inappropriately recorded \$1,565 and \$2,610, respectively, of property tax revenue in the Street Lighting Fund. Given the source of the revenue, this should have been recorded in the General Fund.
- In 2019, the Village inappropriately recorded \$120 of property tax revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Street Lighting Fund.

- In 2019, the Village inappropriately recorded \$951 of homestead and rollback and motor vehicle registration fees revenue in the General Fund. Given the source of the revenue, \$587, \$74, and \$290 should have been recorded in the Street Construction Maintenance and Repair, State Highway, and Street Lighting Funds, respectively.
- In 2018, the Village inappropriately recorded \$8,000 of permissive tax revenue in the Street Construction Maintenance and Repair Fund. Given the source of the revenue, this should have been recorded in the Permissive Motor Vehicle License Tax Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these and additional misstatements ranging from \$33 to \$241.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

<b>Finding Number</b>	<b>2020-010</b>
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**Noncompliance – Deficit Fund Balance**

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

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Street Lighting Fund had a deficit fund balance in the amount of \$7,051 at December 31, 2020. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Board’s periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

<b>Finding Number</b>	<b>2020-011</b>
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**Noncompliance – Certification of Available Balances**

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.



The Clerk/Treasurer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2020, 2019, or 2018. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to certify balances and obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Clerk/Treasurer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

<b><i>Finding Number</i></b>	<b>2020-012</b>
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**Noncompliance – Approval of Appropriations**

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

In 2019 and 2018, the Village approved appropriation measures on March 11, 2019 and February 12, 2018, respectively, which is after the required due date. Also, the Village approved no appropriations in 2020. In addition, the Village could not provide support for the appropriation amounts approved for 2019 or 2018. These errors were the result of inadequate policies and procedures regarding timely approval of appropriations and lack of retaining documentation. As a result, none of the expenditures made in 2020, 2019, and 2018 were legally expended.

The Village should adopt permanent appropriations on or about the first day of each year and retain documentation of the amounts approved. If the Village wants to postpone passage of the annual appropriations, the Village should adopt temporary appropriations to cover ordinary expenses until such time as the permanent appropriations are adopted.

<b><i>Finding Number</i></b>	<b>2020-013</b>
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**Noncompliance – Expenditures in Excess of Appropriations**

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the following Village funds had expenditures in excess of appropriations:

- General, Street Lighting, and Sewer Operating Funds in the amounts of \$29,484, \$5,819, and \$14,281, respectively, as of December 31, 2020.
- General, Street Construction Maintenance and Repair, Street Lighting, and Sewer Operating Funds in the amounts of \$33,626, \$3,471, \$4,347, and \$14,602, respectively, as of December 31, 2019.
- General, Street Construction Maintenance and Repair, Street Lighting, and Sewer Operating Funds in the amounts of \$32,595, \$43,598, \$4,077, and \$12,508, respectively, as of December 31, 2018.

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

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

<b>Finding Number</b>	<b>2020-014</b>
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**Noncompliance and Internal Control Deficiency – Improper Certification of Expenditures**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer’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 Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. “Then and Now” certificate – If the chief fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units 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 expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 100 percent of the transactions tested at 2020, 2019, and 2018 year-ends were not certified by the Clerk/Treasurer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

<b><i>Finding Number</i></b>	<b>2020-015</b>
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**Noncompliance – On-Behalf Activity**

**Ohio Rev. Code § 5705.42** requires, in part, when the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the fiscal officer of the subdivision.

In 2020 and 2018, the Village received on-behalf of grants in the amounts of \$35,470 and \$59,937, respectively, from the Ohio Public Works Commission. In 2019 and 2018, the Village received on-behalf of grants and loans in the amounts of \$13,820 and \$311,374, respectively, from the Ohio Water Development Authority. Due to deficiencies in Village procedures over recording appropriations, the Village did not record these appropriations in the accounting system. Failing to record appropriations in the accounting system could result in management making misinformed decisions.

The Village should record appropriations for federal and state grants that are deemed appropriated. Since the Village is required to record appropriations, it should also request the amount be included on the certificate of estimated resources received from the County Budget Commission to enhance the Village's monitoring of financial activity.

<b><i>Finding Number</i></b>	<b>2020-016</b>
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**Noncompliance – Remittance of State Taxes Withheld**

**Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to **Ohio Rev. Code § 5747.06** (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Clerk/Treasurer did withhold the required state payroll taxes for 2020, 2019, and 2018; however, due to dereliction of duties there is no evidence she paid the taxes in 2020, 2019, and 2018 in accordance with the applicable schedule prescribed by **Ohio Rev. Code § 5747.07** or submitted the annual reports to the tax commissioner and relevant employees by January 31, 2021, 2020, or 2019. Failure to file, pay, and/or report the withholdings could result in liabilities, penalties, and interest levied against the Village.

The Clerk/Treasurer should remit payment in accordance with applicable law and file the required reports when completing the last payroll of the year to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

<b><i>Finding Number</i></b>	<b>2020-017</b>
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**Noncompliance – Remittance of Federal Taxes Withheld**

**Internal Revenue Regulations 26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. In addition, **26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Due to deficiencies in accounting policies and procedures over payroll remittance, the Village did not remit federal income or Medicare taxes during the audit period as follows:

<u>Year</u>	<u>Federal Income Tax</u>	<u>Employee Share Medicare</u>	<u>Employer Share Medicare</u>	<u>Total</u>
2020	\$97	\$148	\$148	\$393
2019	27	132	132	291
2018	10	119	119	248

Failure to remit federal income and/or Medicare withheld from all applicable officials and employees' could lead to fines and penalties assess by the Internal Revenue Service.

The Village should remit payments for federal income and/or Medicare withheld from all applicable officials and employees' compensation to the Internal Revenue Service in a timely manner.

This matter will be referred to the Internal Revenue Service.

<b><i>Finding Number</i></b>	<b>2020-018</b>
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**Noncompliance – Auditor of State Training for Continuing Fiscal Officers**

**Ohio Rev. Code § 733.81(D)(2)** requires an elected or appointed fiscal officer who retains office for a subsequent term shall complete twelve hours of continuing education courses in each subsequent term of office.

Due to deficiencies in policies and procedures over monitoring compliance with attending required trainings, the Clerk/Treasurer did not attend continuing education programs provided by the Auditor of State during her term of office ending March 31, 2020. The lack of continuing education may have contributed to the numerous posting errors that occurred.

The Clerk/Treasurer should attend annual continuing education training programs provided by the Auditor of State's Office.

<b><i>Finding Number</i></b>	<b>2020-019</b>
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**Noncompliance and Internal Control Deficiency – Sewer Receipts Recorded to Improper Fund**

**Village of Belmore Ordinance 02-2017**, indicates that the funds received from the collection of the rates and charges provided in these regulations shall be deposited as received by the Village into a separate fund designated the Belmore Village Sewer Fund.

Due to a deficiency in the implementation of controls over sewer charges for services receipts, in 2020 and 2019, the Village inappropriately allocated \$3,541 and \$189, respectively, of sewer charges for services receipts in the General Fund instead of the Sewer Operating Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

<b><i>Finding Number</i></b>	<b>2020-020</b>
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**Internal Control Deficiency – Monthly Financial Reports Review**

Monthly financial reports should be prepared by the Village Clerk/Treasurer and reviewed and if determined acceptable, approved by Village Council. Village Council should use this information to monitor Village finances and activities. These monthly financial reports should include items such as the Bank Reconciliation, Bank Statements, Payment Listing (with vouchers), a Receipt Listing (with receipts), and Appropriation and Revenue Status reports showing a comparison of budget versus actual amounts.

Due to deficiencies in internal policies and control procedures, there was no evidence of any monthly or year-end financial information being given to or reviewed by Village Council. Lack of a review over financial information allowed Village funds to not be reconciled for an extended period of time with no corrective actions taken and the annual financial filings were not completed and submitted as required. The lack of review could also lead Council to make misinformed decisions and Village funds being lost, stolen, unaccounted for, or misused.

Council should be provided with sufficient monthly financial reports, as listed above, allowing for effective monitoring of Village financial activity. Council should then review this information for accuracy and completeness and sign these monthly reports, to show their approval. Minutes should also include the reports reviewed and approved.

<b><i>Finding Number</i></b>	<b>2020-021</b>
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**Internal Control Deficiency – Audit Committee**

The Village should establish an audit committee to serve as liaison between management and its auditors and to follow up on citations and recommendations from the previous audit. The Village has established an audit committee; however, due to deficiencies in internal control policies and procedures, they failed to document when the committee met or what the committee reviewed.

The audit committee should be actively involved in:

- Meeting with the Village's independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance audit; and
- Ensuring internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

Failing to meet as a committee and follow up on audit results could result in issues identified in previous engagements not being corrected timely.

In order to help ensure the audit committee monitoring controls have been implemented and that citations and recommendations have been corrected and implemented, the audit committee should meet at least on a quarterly basis. Minutes should be taken as to when the committee meets, what financial documents have been reviewed, and any actions taken.

<b><i>Finding Number</i></b>	<b>2020-022</b>
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**Internal Control Deficiency – Sewer Computer System Backups**

In order to prevent losing all financial data in a disaster, all the computer system should be backed up often with a second backup being maintained offsite in a secure location.

Due to deficiencies in policies and procedures over safeguarding Village information, sewer information was not consistently backed up and/or backups were not stored at a secure offsite location. Failure to sufficiently safeguard the Village's information could result in data being lost or backup data not being retained.

The Village's sewer information should be backed up and backup disks should be kept in a secure offsite location, away from the Village computer.

<b><i>Finding Number</i></b>	<b>2020-023</b>
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**Internal Control Deficiency – Council Meeting Minutes**

A public body must keep full and accurate minutes of its meetings. Those minutes do not have to be a verbatim transcript of the proceedings, but they must include enough facts and information to permit the public to understand and appreciate the rationale behind the public body's decisions.

Due to a deficiency in policies and procedures over the minutes, the Council meeting minute records were not signed by either the Council President or the Clerk/Treasurer for years 2020, 2019, and 2018. A lack of signed minutes makes it unclear whether the minutes are the official records of the Village Council meetings.

All records of official Council minutes should be approved by Council and should be signed by the Council President and the Clerk/Treasurer to indicate they are an accurate and official record of the Village Council meetings.

<b><i>Finding Number</i></b>	<b>2020-024</b>
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**Internal Control Deficiency – Financial Reporting**

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

The following errors were identified in the accompanying financial statements:

- In 2020, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the General Fund in the amount of \$3,864.
- In 2020, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$9,437, \$1,117, and \$3,661, respectively.
- In 2020, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were overstated in the General and Special Revenue Funds in the amounts of \$10,000 and \$3,000, respectively.
- In 2019, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$9,438, \$1,116, and \$3,661, respectively.
- In 2019, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$36,983, \$8,750, and \$11,699 respectively.
- In 2018, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the General Fund in the amount of \$2,331.
- In 2018, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General and Special Revenue Funds in the amounts of \$35,096 and \$52,901, respectively.
- In 2020 and 2018, Ohio Public Works Commission on-behalf activity for street projects was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the Capital Projects Fund in the amounts of \$35,470 and \$59,937, respectively.
- In 2019 and 2018, Ohio Water Development Authority on-behalf activity for a sewer project was not posted to the accounting system by the Village, which resulted in understating loan proceeds, loan principal payment, and appropriations in the Sewer Operating Fund in the amounts of \$6,910 and \$155,687, respectively.
- In 2018, miscellaneous receipts were incorrectly classified as intergovernmental in the Street Construction Maintenance and Repair Fund in the amount of \$20,000.
- In 2018, capital outlay disbursements were incorrectly classified as contractual services in the Sewer Operating Fund in the amount of \$1,280.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional insignificant misstatements ranging from \$106 to \$1,262 that we have brought to the Village's attention.

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, including a final review of the financial statements and notes to the financial statements by the Clerk/Treasurer and Council, to help identify and correct errors and omissions.

<b><i>Finding Number</i></b>	<b>2020-025</b>
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**Internal Control Deficiency – Budgetary Amounts Not Recorded Correctly in the Accounting System**

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

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

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

The following budgetary amounts were not properly recorded in the accounting system:

- In 2020, appropriations posted to the system did not agree to what was approved by Council in the General, Street Construction Maintenance and Repair, State Highway, Street Lighting, and Sewer Operating Funds in the amounts of \$48,372, \$1,252, \$4,000, \$6,341, and \$18,142, respectively. The amounts in the accounting system were greater than the amounts approved by the Board.
- In 2020, estimated receipts in the accounting system did not agree to amounts certified by the County Budget Commission in the General and Sewer Operating Funds in the amounts of \$10,000 and \$3,000, respectively. The amounts in the accounting system were greater than the amounts approved by the County Budget Commission.
- In 2019, appropriations posted to the system did not agree to what was approved by Council in the General, Street Construction Maintenance and Repair, Street Lighting, and Sewer Operating Funds in the amounts of \$39,314, \$4,270, \$4,750, and \$5,108, respectively. The amounts in the accounting system were greater than the amounts approved by the Board.
- In 2019, estimated receipts in the accounting system did not agree to amount certified by the County Budget Commission in the Street Lighting Fund in the amount of \$3,200. The amount in the accounting system was greater than the amount approved by the County Budget Commission.
- In 2018, appropriations posted to the system did not agree to what was approved by Council in the General, Street Construction Maintenance and Repair, State Highway, Street Lighting, and Sewer Operating Funds in the amounts of \$37,293, \$44,319, \$4,000, \$4,400, and \$296,434, respectively. The amounts in the accounting system were greater than the amounts approved by the Board.



The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. There were no appropriation amounts (and/or amendments thereof) approved by Council that were documented, and therefore no such amounts should have been posted to the accounting system. Additionally, there was no approved Certificate of Estimated Resources (and/or amendments thereof) and therefore no such amounts should have been posted to the accounting system.

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

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

<b><i>Finding Number</i></b>	<b>2020-026</b>
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**Internal Control Deficiency – Disbursement Record Keeping and Payment Process**

Sound accounting practices require disbursement transactions be promptly and accurately recorded and records be filed in an orderly manner. However, due to dereliction of duties the following weaknesses were noted in the disbursement records:

- Voucher packets did not usually contain the check number or a copy of the check.
- Voucher packets were not filed in check number order.
- Manual checks were used instead of computer generated checks and the number on the manual checks were not in agreement with the UAN system.
- Five of the fifty-eight invoices tested were not paid timely, which resulted in late fees of \$35 being paid.
- Checks were only signed by the Village Clerk/Treasurer.

These weaknesses increase the possibility of loss or diversion of cash assets, the spending of Village monies for improper public purposes, and also hinder the reconciliation process.

Therefore, the Village should perform the following to increase accountability and control over expenditures:

- Vouchers packets should include a check copy, along with the invoice, and purchase order.
- Voucher packets should be filed in check numerical order.
- Manual checks should not be issued unless absolutely necessary, and if issued the check number should agree to the one listed in the UAN system.
- Invoices should be paid timely.
- Checks should be signed by at least two officials.

<b><i>Finding Number</i></b>	<b>2020-027</b>
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**Internal Control Deficiency – Cash Reconciliation Process Errors**

Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Clerk/Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Due to dereliction of duties, monthly bank to book reconciliations were not prepared or reviewed each month of 2020, 2019, and 2018. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Clerk/Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

<b><i>Finding Number</i></b>	<b>2020-028</b>
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**Internal Control Deficiency – Old Outstanding Checks**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. As part of this reconciliation, outstanding checks should be reviewed and appropriate follow-up action be taken to remedy long outstanding items.

Due to deficiencies in accounting policies and procedures over outstanding checks, the Village had twenty outstanding items dated from March 5, 2017 to December 31, 2019 on the December 31, 2020 general checking bank account reconciliation. Carrying long outstanding checks increases the risk of fraud or irregularities occurring without detection of management and understates fund balances.

The Clerk/Treasurer should contact the payees of outstanding checks to determine if these checks are lost and either void the check, place the monies in an unclaimed monies fund, or reissue the payee a new check.

**Officials’ Response:**

We did not receive responses from Officials to these findings.

# Village of Belmore

311 Main St – PO Box 10

Belmore, OH 45815

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020, 2019, AND 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2017-001	This finding was first reported in 2010. Material weakness for errors on the cash reconciliations and lack of monitoring of financial transactions resulting in errors in the financial statements.	No	Not corrected and reissued as Findings 2020-023 and 2020-026 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of the issues and are taking steps to correct them.
2017-002	This finding was first reported in 2014. Material weakness and noncompliance on Ohio Rev. Code § 5705.36 for not filing the required certificate with the County Auditor for 2017 or 2016.	No	Not corrected and reissued as Finding 2020-011 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of the issues and are taking steps to correct them.
2017-003	This finding was first reported in 2014. Material weakness and noncompliance on Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	No	Not corrected and reissued as Finding 2020-013 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of the issues and are taking steps to correct them.
2017-004	This finding was first reported in 1998. Material weakness and noncompliance on Ohio Rev. Code § 5705.41(D) for not properly certifying disbursements.	No	Not corrected and reissued as Finding 2020-014 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of the issues and are taking steps to correct them.
2017-005	This finding was first reported in 2014. Material weakness and noncompliance on Internal Revenue Regulation, 26 U.S.C.A. 3402 and 3403 for not remitting Medicare and Federal Income Tax withheld, and Ohio Rev. Code § 5747.07(E)(1) for not remitting state and local income taxes withheld.	No	Not corrected and reissued as Findings 2020-016 and 2020-017 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of the issues and are taking steps to correct them.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BELMORE**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/29/2022**

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

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[www.ohioauditor.gov](http://www.ohioauditor.gov)