



**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF BELMORE  
PUTNAM COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have selectively tested certain accounts, financial records, files, and reports of the Village of Belmore, Putnam County, (the Village) as of and for the years then ended December 31, 2007 and 2006, following Ohio Administrative Code § 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 10, 2008

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**VILLAGE OF BELMORE  
PUTNAM COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$1,158	\$2,132	\$3,290
Claims Reimbursement		8,980	8,980
Intergovernmental	39,173	7,457	46,630
Earnings on Investments		1,286	1,286
Miscellaneous	811		811
	<u>41,142</u>	<u>19,855</u>	<u>60,997</u>
<b>Total Cash Receipts</b>			
	<u>41,142</u>	<u>19,855</u>	<u>60,997</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property		5,810	5,810
Basic Utility Service	5,341		5,341
Transportation		6,190	6,190
General Government	25,980	76	26,056
	<u>31,321</u>	<u>12,076</u>	<u>43,397</u>
<b>Total Cash Disbursements</b>			
	<u>31,321</u>	<u>12,076</u>	<u>43,397</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>9,821</u>	<u>7,779</u>	<u>17,600</u>
	<u>9,821</u>	<u>7,779</u>	<u>17,600</u>
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets	1,001		1,001
	<u>1,001</u>		<u>1,001</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<u>10,822</u>	<u>7,779</u>	<u>18,601</u>
	<u>10,822</u>	<u>7,779</u>	<u>18,601</u>
<b>Fund Cash Balances, January 1</b>	<u>(11,091)</u>	<u>64,139</u>	<u>53,048</u>
	<u>(11,091)</u>	<u>64,139</u>	<u>53,048</u>
<b>Fund Cash Balances, December 31</b>	<u><u>(\$269)</u></u>	<u><u>\$71,918</u></u>	<u><u>\$71,649</u></u>

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

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$1,128	\$1,986	\$3,114
Intergovernmental	38,787	6,870	45,657
Earnings on Investments		951	951
Miscellaneous	154		154
	<u>40,069</u>	<u>9,807</u>	<u>49,876</u>
<b>Total Cash Receipts</b>			
	<u>40,069</u>	<u>9,807</u>	<u>49,876</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	265		265
Public Health Services		1,791	1,791
Basic Utility Service	15,159		15,159
Transportation		348	348
General Government	25,512	224	25,736
	<u>40,936</u>	<u>2,363</u>	<u>43,299</u>
<b>Total Cash Disbursements</b>			
	<u>40,936</u>	<u>2,363</u>	<u>43,299</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(867)	7,444	6,577
Fund Cash Balances, January 1	(10,224)	56,695	46,471
<b>Fund Cash Balances, December 31</b>	<u><b>(\$11,091)</b></u>	<u><b>\$64,139</b></u>	<u><b>\$53,048</b></u>

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



**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Belmore, Putnam County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides 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.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash**

The Village values certificate of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

Fire Department Fund - This fund received insurance money for lightning damage and intergovernmental revenue from Van Buren Township for a siren.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. 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 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$50,232	\$32,571
Certificates of deposit	21,417	20,477
Total deposits	<u>\$71,649</u>	<u>\$53,048</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,299	\$42,143	(\$1,156)
Special Revenue	2,247	19,855	17,608
Total	\$45,546	\$61,998	\$16,452

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,924	\$31,321	\$6,603
Special Revenue	62,937	12,076	50,861
Total	\$100,861	\$43,397	\$57,464

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,478	\$40,069	(\$11,409)
Special Revenue	2,282	9,807	7,525
Total	\$53,760	\$49,876	(\$3,884)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,087	\$40,936	\$151
Special Revenue	10,315	2,363	7,952
Total	\$51,402	\$43,299	\$8,103

**4. PROPERTY TAX**

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

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. PROPERTY TAX – (Continued)**

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

**5. RETIREMENT SYSTEM**

The Village's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has not paid all contributions required through December 31, 2007.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

To the Village Council:

We have selectively tested certain accounts, financial records, files, and reports of the Village of Belmore, Putnam County, (the Village), as of and for years ended December 31, 2007 and 2006 following Ohio Administrative Code § 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the schedule of findings as items 2005-016 through 2005-023.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2005-001 through 2005-015.

Village of Belmore  
Putnam County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Page 2

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

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

**Mary Taylor, CPA**  
Auditor of State

September 10, 2008

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify the amount required for the order or contract 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 void and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate – If the 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"), sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

2. Blanket Certificate – Fiscal officers 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 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, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the expenditures were certified by the Clerk Treasurer at the time the commitment was incurred. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law, but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

**FINDING NUMBER 2007-001  
(Continued)**

To improve controls over disbursements, we recommend all disbursements receive prior certification of the Clerk Treasurer and the Council members periodically review the expenditures made to ensure they are within the appropriations adopted by the Council members, certified by the Clerk Treasurer, and recorded against appropriations.

**FINDING NUMBER 2007-002**

**Noncompliance Citation**

Ohio Administrative Code § 117-2-01(A) states all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Further, Ohio Administrative Code § 117-2-01(D)(1) provides when designing the public office's system of internal control and the specific control activities, management should ensure all transactions are properly authorized in accordance with management's policies.

During our testing of expenditures we noted 11% of transactions examined did not have invoices or other supporting documentation to substantiate the expenditures occurred. This increases the likelihood inappropriate or inaccurate payments could be made without the possibility of detection by management. We recommend all disbursements be supported by original, detailed invoices. Consistent with the Ohio Administrative Code's requirements, we recommend the Council adopt a policy which requires all expenditures be substantiated with original invoices before payment is authorized.

**FINDING NUMBER 2007-003**

**Noncompliance Citation**

26 CFR § 1.6041-1(a)(1)(A) requires income aggregating six hundred dollars or more annually be reported on a 1099 form.

The Village compensated individuals (not on the Village payroll) in excess of six hundred dollars and filed no 1099 form as required. We recommend 1099's be issued for all non-employee services paid in excess of \$600. This matter will be referred to the Internal Revenue Service for any action they deem necessary.

**FINDING NUMBER 2007-004**

**Noncompliance Citation**

Ohio Revised Code § 5705.36(A)(1), states 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, with any balances which existed at the end of the preceding year.



**FINDING NUMBER 2007-004  
 (Continued)**

Ohio Revised Code § 5705.36(A)(4) states upon a determination by the fiscal officer of a subdivision the revenue to be collected by the subdivision will be less than the amount included in an official certificate and the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the budget commission, and the commission shall certify an amended certificate reflecting the deficiency.

Additionally, Ohio Revised Code § 5705.39, states in part the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures there from as certified by the budget commission or in case of appeal, by the board of tax appeals.

The Clerk Treasurer did not certify to the County Auditor the total amounts available from all sources available for expenditures from each fund along with any unencumbered balances existing at the end of the preceding year for calendar years 2006 and 2007 until February 4, 2006, and February 18, 2007, respectively and did not file a budget for the respective years.

The actual amounts available for appropriations were less than the amounts estimated in the official certificate and the current level of appropriations in the following funds:

	<u>Actual Resources</u>	<u>Estimated Resources</u>	<u>Total Appropriations</u>
2007			
General Fund	\$26,567	\$27,924	\$37,924
2006			
General Fund	29,678	41,087	41,087

The Clerk Treasurer should have requested an amended certificate of estimated resources from the commission which would have reduced the estimated resources to the level of the actual resources available for appropriations. Appropriations in these funds should have also been reduced to the level of the actual resources available for appropriations.

We recommend the Clerk Treasurer compare actual revenues with estimated revenues during the year and make changes when necessary.

**FINDING NUMBER 2007-005**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditures exceeded appropriations in the following funds at year end:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>December 31, 2007</b>			
Permissive Fund	\$2,247	\$3,886	(\$1,639)
Fire Fund		\$2,000	(\$2,000)
<b>December 31, 2004</b>			
State Highway Fund	\$1,354	\$2,015	(\$661)

Expenditures should only be made for which there are sufficient appropriations. Appropriations should be increased as needed, and if necessary amend the corresponding estimated resources.

**FINDING NUMBER 2007-006**

**Noncompliance Citation**

Ohio Revised Code § 5705.10(H) states money paid into a fund must be used only for the purposes for which such fund has been established.

The existence of a deficit balance in any fund indicates monies from another fund or funds have been used to pay the obligations of the fund with the deficit balance. The General Fund had a deficit cash balance of \$11,091 and \$269 at December 31, 2006 and 2007, and the Street Light Fund had a negative fund balance at December 31, 2007, of \$500. The Village should review cash balances prior to making a commitment to expend funds and reduce planned expenditures as needed to avoid deficit balances.

**FINDING NUMBER 2007-007**

**Noncompliance Citation**

Ohio Revised Code § 5705.34 provides in part that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1<sup>st</sup>, unless a later date is approved by the tax commissioner.

There was no evidence the Village certified the necessary tax rates by October 1, 2007 and 2006. We recommend the tax rates be certified by October 1 each year. The certification should be noted in the minutes and a copy of the resolution retained by the Village.

#### **FINDING NUMBER 2007-008**

##### **Noncompliance Citation**

Ohio Revised Code § 5705.28 requires the Village to adopt a tax budget by July 15<sup>th</sup> each year and Ohio Revised Code § 5705.30 requires the Village file the budget with the county auditor by July 20<sup>th</sup>.

The calendar year 2007 budget was not adopted until September 2006. We recommend the Village approve the budget and file it by the required deadlines.

#### **FINDING NUMBER 2007-009**

##### **Noncompliance Citation**

Ohio Revised Code § 733.27(B) requires the village clerk to attend training sessions provided by the Auditor of State.

There was no evidence the Clerk Treasurer had attended the required training in 2007 or 2006. We recommend the Clerk Treasurer attend the annual training session provided by the Auditor of State.

#### **FINDING NUMBER 2007-010**

##### **Noncompliance Citation**

Ohio Revised Code § 5705.38 requires on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Village did not pass temporary appropriations and did not pass annual appropriations until March 9, 2006 for calendar year 2006 and April 12, 2007, for calendar year 2007. We recommend the Village pass their appropriation measure on or around January 1.

#### **FINDING NUMBER 2007-011**

##### **Noncompliance Citation**

Ohio Revised Code § 135.22 states effective January 1, 1997, subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State. The Treasurer of State issues a certificate indicating the treasurer has successfully completed the continuing education program. The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State certified by the Treasurer of State, the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only:

- Interim deposits pursuant to § 135.14 (B) (3);
- STAR Ohio pursuant to § 135.14(B) (6).

**FINDING NUMBER 2007-011  
(Continued)**

The Village has not filed an annual exemption to the Auditor of State certified by the Treasurer of State even though it invests in interim deposits pursuant to Ohio Revised Code 135.14 (B)(3). We recommend the Clerk Treasurer review this Revised Code section and file such exemptions annually.

**FINDING NUMBER 2007-012**

**Noncompliance Citation**

Ohio Revised Code § 117.38 requires a financial report of each public office to be made in accordance with forms prescribed by rule of the auditor of state. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year. At the time the report is filed with the auditor of state, the chief fiscal officer shall publish, in a newspaper of general circulation in the political subdivision or taxing district, notice the annual report is available for public inspection.

The 2006 financial report was not completed until June 11, 2007, and a financial report for 2007 was not completed until May 10, 2008. No evidence was presented to indicate the Village had filed or published notice of the availability of the required financial report for 2006 and 2007. We recommend the Clerk Treasurer complete and file and publish the required financial reports.

**FINDING NUMBER 2007-013**

**Noncompliance Citation**

26 USCS § 3402 mandates employers shall deduct and withhold the required tax from each employee. Additional provisions in this Chapter describe procedures for withholding and remitting Federal tax for employees.

The Village underpaid federal tax in 2007 by \$112. This matter will be referred to the Internal Revenue Service for any action they deem necessary.

**FINDING NUMBER 2007-014**

**Noncompliance Citation**

26 USCS § 3402 mandates employers shall deduct and withhold the required tax for each employee. IRS Publication 15 (Circular E) suggests an employer require a W-4 form (exemptions) for federal income tax deductions be filed for each employee, whether full or part time. If a W-4 is not filed by the employee, deductions are to be made as single with no dependents.

No deduction forms could be located for all employees. This matter will be referred to the Internal Revenue Service for any action they deem necessary.

## FINDING NUMBER 2007-015

### Noncompliance Citation

Ohio Revised Code §145.47, requires the village fiscal officer to transmit a report of contributions to the public employees retirement board. The report shall show all deductions for the retirement system made from the earnable salary of each contributor employed. The report, together with warrants or checks covering the total of such deductions, shall be made at such intervals and be in such form as the board requires.

In 2007 and 2006, retirement contributions for the employees' and employer share of PERS should have been a total of \$6,690. The amount remitted to PERS was four thousand three hundred eighty dollars for a difference of three hundred and ten dollars. We recommend the Village contact PERS to determine what actions should be taken for additional amounts owed. This matter will be referred to Ohio PERS for any action they deem necessary.

## FINDING NUMBER 2007-016

### Monitoring Controls

The small size of the Village's fiscal operations does not allow for an adequate segregation of duties. The Clerk Treasurer performs most accounting functions. It is therefore important the Council monitor financial activity closely. The following deficiencies were noted:

The Village does not have procedures in place for review of transactions posted to the accounting records or the reporting of those transactions in the financial statements. There was no evidence the Council reviewed detail revenue, disbursement ledgers, budgetary activity, invoices, or fund balance reports on a regular basis. The lack of such review procedures resulted in fifteen material adjustments to the financial statements in amounts as much as \$7,457.

In order to ensure the financial activity of the Village is being properly accounted for and reported, and bills are being paid on time, we recommend the Council review invoices, detail revenue and disbursement ledgers, budgetary activity, and fund balance reports on a frequent basis. The documents should be reviewed, initialed and approved in the minutes. This information provides important data necessary to manage the Village.

This information can help answer questions such as the following:

- Are transactions posted to the correct line items based on supportive documentation?
- Are bills being paid in a timely manner?
- Are current receipts in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received and being recorded in the proper fund(s)
- Are payments being made with adequate supporting documentation?

In addition, the Village should develop a review process to ensure transactions are accurately reported on the Village's year end financial statements and related disclosures. Also, we recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Village Officers Handbook. Further, the Village should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and the Council to ensure errors and omissions are detected and corrected.

**FINDING NUMBER 2007-017**

**Timely Deposits**

The Clerk Treasurer was not always depositing all types of Village monies as received. Sometimes this was in excess of thirty days. Untimely deposits of Village monies reduces the amount of interest earned by the Village, and could result in the loss and/or misappropriation of Village assets. We recommend all monies be deposited and posted as received.

**FINDING NUMBER 2007-018**

**AEP Billing**

Twenty four of the Village's American Electric Power billings were not in the name of Village, rather, in the name of a private individual. Receiving and paying for bills not in the Village name could lead to improper and/or unauthorized payments. We recommend the Village contact AEP and have the billing changed to the Village and Council should review all invoices prior to payment to ensure they are appropriate obligations of the Village.

**FINDING NUMBER 2007-019**

**Approval of Contracts and Change Orders**

In 2007, the Village contracted with Little and Sons for Street Improvements. There was additional work done on the original contract that amounted to \$1,600. This change order was not approved by Council or documented in the minutes. Lack of approval of change orders by Council could result in improper or unneeded expenditures. We recommend all changes be documented in the minutes with the approval of the Council.

**FINDING NUMBER 2007-020**

**Minutes**

The Village minutes did not always include approvals of bills, details of appropriations, approval of tax rates nor were minutes signed by the Clerk Treasurer. Council speaks though its minute records and incomplete minute records make it difficult to ensure the intentions of Council which were acted on. We recommend the minutes include complete detail of all actions approved and signed by the Clerk Treasurer.

#### **FINDING NUMBER 2007-021**

##### **Posting Budgeted Receipts**

The Village does not record estimated revenues in the receipts ledger. This eliminates a key control in the budget process which allows the Village to monitor actual revenues compared to estimated revenues. We recommend estimated revenues be recorded in the receipts ledger and when an actual receipt is recorded it should be subtracted from the estimated balance. This will provide the Village with a tool to monitor is revenues due are received.

#### **FINDING NUMBER 2007-022**

##### **Audit Committee**

Although an audit committee was established, there was no documentation as to when the committee meets or what the committee reviews. For instance, the committee could review the following items:

- 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.
- Ensuring the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

In order to ensure the audit committee monitoring controls have been implemented and to ensure citations and recommendations have been corrected and implemented, we recommend the committee 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.

#### **FINDING NUMBER 2007-023**

##### **Stale Dated Checks**

The outstanding check list at December 31, 2007, contained 14 outstanding checks which appear to be stale dated. They range in amounts from \$1 to \$864 with dates written as early as November 2003. Stale dated checks should be investigated by the Clerk-Treasurer to determine if checks should be canceled and removed from the outstanding check list. If necessary, a replacement check should be issued for the expenditure or an unclaimed monies fund created.

##### **Officials' Response:**

All findings have been corrected or are in the process of correction.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2005-001	Ohio Administrative Code § 117-2-02 (A) – insufficient accounting records	Yes	
2005-002	Ohio Revised Code § 135.21 – improper crediting of interest	Yes	
2005-003	Ohio Revised Code § 5705.41(D)(1) – failure to certify all funds	No	Not corrected – Repeated as Finding 2007-001.
2005-004	Ohio Administrative Code § 117-2-01 (A) – insufficient supporting documentation		Not corrected – Repeated as Finding 2007-002.
2005-005	26 CFR § 1.6041-1(a)(1)(A) – 1099's not issued for services rendered in excess of \$600	No	Not corrected – Repeated as Finding 2007-003.
2005-006	Ohio Revised Code § 5735.29 – Supplanting Fuel Excise Tax expenditures	Yes	
2005-007	Ohio Revised Code § 5705.36(A)(2) failure to amend estimated resources	No	Not corrected – Repeated as Finding 2007-004.
2005-008	Ohio Revised Code § 5705.41(B), expenditures exceeding appropriations	No	Not corrected – Repeated as Finding 2007-005.
2005-009	Ohio Revised Code § 5705.10(H), deficit fund balances	No	Not corrected – Repeated as Finding 2007-006.
2005-010	Ohio Revised Code § 5705.34, no evidence of certification of tax rate	No	Not corrected – Repeated as Finding 2007-007.
2005-011	Ohio Revised Code § 5705.28, no evidence of adoption of tax budget	No	Not corrected – Repeated as Finding 2007-008.



Village of Belmore  
Putnam County  
Schedule of Prior Audit Findings  
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2005-012	Ohio Revised Code § 733.27, no evidence of Clerk Treasurer attending training	No	Not corrected – Repeated as Finding 2007-009.
2005-013	Ohio Revised Code § 5705.38, no evidence of timely adoption of appropriations	No	Not corrected – Repeated as Finding 2007-010.
2005-014	Ordinance 99 – overpayment of council meetings	Yes	
2005-015	Inadequate minute records	No	Not corrected – Repeated as Finding 2007-020.
2005-016	Lack of timely deposits	No	Not corrected – Repeated as Finding 2007-017.
2005-017	AEP billing not in name of Village	No	Not corrected – Repeated as Finding 2007-018.
2005-018	Mileage Logs not maintained	Yes	
2005-019	Payroll ledgers not maintained	Yes	
2005-020	Budgetary receipts not posted to records	No	Not corrected – Repeated as Finding 2007-021.
2005-021	Audit Committee inactive	No	Not corrected – Repeated as Finding 2007-022.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BELMORE**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 7, 2008**