



**VILLAGE OF BELMORE  
PUTNAM COUNTY  
Regular Audit  
For the Fiscal Years Ended December 31, 2017 and 2016**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

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Cambridge, OH 43725  
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# OHIO AUDITOR OF STATE KEITH FABER



Village Council  
Village of Belmore  
602 Main Street  
Belmore, Ohio 45815

We have reviewed the *Independent Auditor's Report* of the Village of Belmore, Putnam County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 26, 2019

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VILLAGE OF BELMORE  
PUTNAM COUNTY

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Certified Public Accountants, A.C.

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## INDEPENDENT AUDITOR'S REPORT

December 19, 2018

Village of Belmore  
Putnam County  
602 Main Street  
PO Box 32  
Belmore, OH 45815

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Belmore**, Putnam County (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Belmore, Putnam County as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**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, 2017**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 4,244	\$ 1,905	\$ 6,149
Intergovernmental	29,761	5,199	34,960
Fines, Licenses, and Permits	165	-	165
Earnings on Investments	3	51	54
Miscellaneous	2,570	3,603	6,173
Total Cash Receipts	36,743	10,758	47,501
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,906	3,629	6,535
Transportation	-	6,001	6,001
General Government	30,262	-	30,262
Capital Outlay	4,000	-	4,000
Total Cash Disbursements	37,168	9,630	46,798
<i>Excess of Receipts (Under) Disbursements</i>	(425)	1,128	703
<b>Other Financing Receipts/(Disbursements):</b>			
Transfer-In	-	2,255	2,255
Transfer-Out	(2,255)	-	(2,255)
Total Other Financing Receipts/(Disbursements)	(2,255)	2,255	-
<i>Net Change in Fund Cash Balances</i>	(2,680)	3,383	703
<i>Fund Cash Balances, January 1</i>	12,262	35,911	48,173
<b>Fund Cash Balances, December 31</b>			
Restricted	-	39,294	39,294
Unassigned	9,582	-	9,582
<b><i>Fund Cash Balances, December 31</i></b>	<b>\$ 9,582</b>	<b>\$ 39,294</b>	<b>\$ 48,876</b>

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 BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 5,116
Total Operating Cash Receipts	<u>5,116</u>
<b>Operating Cash Disbursements:</b>	
Contractual Services	<u>1,289</u>
Total Operating Cash Disbursements	<u>1,289</u>
Operating Income	<u>3,827</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>	
Intergovernmental	1,840,326
Capital Outlay	<u>(1,847,596)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(7,270)</u>
Net Change in Fund Cash Balances	(3,443)
Fund Cash Balances, January 1	<u>9,225</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 5,782</u></b>

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, 2017*

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**Note 1 - Reporting Entity**

The Village of Belmore (the Village), Putnam County, 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 and police services. The Village appropriates general fund money to support a volunteer fire department.

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

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types 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*** The street construction maintenance and repair 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 Light Fund*** This fund receives tax levy money for operating the Village 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 Fund*** The sewer 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 Board 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, 2017*

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

***Basis of Accounting (Continued)***

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2017 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, 2017*

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

***Fund Balance (Continued)***

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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**

The Village had multiple Ohio Revised Code Budgetary violations.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

Fund Type	2017 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 36,743	\$ (36,743)
Special Revenue	\$ -	13,013	(13,013)
Enterprise	\$ -	1,845,442	(1,845,442)
Total	\$ -	\$ 1,895,198	\$ (1,895,198)

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 39,423	\$ (39,423)
Special Revenue	-	9,630	(9,630)
Enterprise	-	1,848,885	(1,848,885)
Total	\$ -	\$ 1,897,938	\$ (1,897,938)

**Note 5 – Deposits**

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

	2017
Demand deposits	\$ 29,281
Certificates of deposit	25,377
Total deposits	\$ 54,658

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management**

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 9 - Postemployment Benefits**

Both OPERS plans offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – 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 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 is bid out and a contractor is chosen for the work. There is also an Ohio Water Development Agency Design Loan in the amount of \$294,326 for this project. This project will be completed during 2018. The Village began offering sewer services to residents in 2016.

**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.

**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, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 4,726	\$ 2,164	\$ 6,890
Intergovernmental	57,004	32,452	89,456
Fines, Licenses, and Permits	135	-	135
Earnings on Investments	5	51	56
Miscellaneous	400	250	650
Total Cash Receipts	62,270	34,917	97,187
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	5,078	3,891	8,969
Leisure Time Activities	668	-	668
Transportation	-	1,820	1,820
General Government	26,641	-	26,641
Capital Outlay	32,118	25,000	57,118
Total Cash Disbursements	64,505	30,711	95,216
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,235)	4,206	1,971
<b>Other Financing Receipts/(Disbursements):</b>			
Transfer-In	-	1,000	1,000
Transfer-Out	(1,000)	-	(1,000)
Total Other Financing Receipts/(Disbursements)	(1,000)	1,000	-
<i>Net Change in Fund Cash Balances</i>	(3,235)	5,206	1,971
<i>Fund Cash Balances, January 1</i>	15,497	30,705	46,202
<b>Fund Cash Balances, December 31</b>			
Restricted	-	35,911	35,911
Unassigned	12,262	-	12,262
<b><i>Fund Cash Balances, December 31</i></b>	<b>\$ 12,262</b>	<b>\$ 35,911</b>	<b>\$ 48,173</b>

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 BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,955
Total Operating Cash Revenues	<u>1,955</u>
Operating Income	<u>1,955</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	251,605
Capital Outlay	<u>(244,335)</u>
Total Non-Operating Cash Receipts	<u>7,270</u>
Net Change in Fund Cash Balances	9,225
Fund Cash Balances, January 1	<u>-</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$ 9,225</u></u></b>

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, 2016*

---

**Note 1 - Reporting Entity**

The Village of Belmore (the Village), Putnam County, 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 and police services. The Village appropriates general fund money to support a volunteer fire department.

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

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types 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*** The street construction maintenance and repair 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 Light Fund*** This fund receives tax levy money for operating the Village 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 Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents 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 Board 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, 2016*

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

***Basis of Accounting (Continued)***

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2016 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, 2016*

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

***Fund Balance (Continued)***

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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**

The Village had multiple Ohio Revised Code Budgetary violations.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 62,270	\$ (62,270)
Special Revenue	-	35,917	(35,917)
Enterprise	-	253,560	(253,560)
Total	\$ -	\$ 351,747	\$ (351,747)

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 65,505	\$ (65,505)
Special Revenue	-	30,711	(30,711)
Enterprise	-	244,335	(244,335)
Total	\$ -	\$ 340,551	\$ (340,551)

**Note 5 – Deposits**

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

	2016
Demand deposits	\$ 32,072
Certificates of deposit	25,326
Total deposits	\$ 57,398

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 - Risk Management**

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

**Village of Belmore**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

OPERS offers a 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 2.0 percent during calendar year 2016.

**Note 10 – 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 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 is bid out and a contractor is chosen for the work. There is also an Ohio Water Development Agency Design Loan in the amount of \$294,326 for this project. The Village began offering sewer services to residents in 2016.

**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.



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

December 19, 2018

Village of Belmore  
Putnam County  
602 Main Street  
PO Box 32  
Belmore, OH 45815

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Belmore**, Putnam County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated December 19, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 through 2017-005 to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as items 2017-002 through 2017-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 19, 2018.

### **Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting of Transactions and Cash Reconciliations**

In order for management to properly monitor the activity of the Village, transactions must be posted in a timely manner and the bank accounts must be reconciled timely to detect errors. The monthly reconciliation of bank account balances to the accounting system's ending fund balances is an important method in detecting errors in the postings of receipts and disbursements and bank account records. After the reconciliation is completed, any errors found should be immediately corrected and month-end financial information should be generated by the Clerk-Treasurer.

The Village bank balances were not reconciled to the book balances throughout 2017 and 2016. In addition, the Clerk-Treasurer did not perform monthly close out procedures of the Village financial records on the Uniform Accounting Network (UAN) accounting system during 2017 and 2016. The Village contracted with an independent accountant to reconcile the Village records for 2017 and 2016. The independent accountant found numerous posting errors in 2017 and 2016. The independent accountant assisted the Clerk-Treasurer in correcting the financial statements and accounting records for these errors.

Failure to post transactions as they occur and to perform month end reconciliations (which reconciles the Village's total bank account balances to the system fund balance total) resulted in posting errors not being detected in a timely manner and the Village Council not receiving accurate financial information for the Village in 2017 and 2016.

There was no evidence the Village Council reviewed monthly detailed revenue reports, disbursement reports, fund balance reports, budgetary reports, deposits and invoices on a regular basis.

In an effort to help ensure financial activity of the Village is being properly accounted for and reported, we recommend:

- The Clerk-Treasurer post all receipts and disbursements as they occur.
- The Clerk-Treasurer refrain from issuing manual checks.
- The Clerk-Treasurer perform a bank reconciliation each month.
- The Clerk-Treasurer present the monthly bank reconciliations to the Village Council as evidence that all bank balances have been reconciled to the UAN fund balance total each month without significant adjusting factors on the reconciliation.
- The Village Council periodically verify items appearing on the monthly bank reconciliation, including but not limited to authentication of bank account balances, outstanding checks, and deposits in transit. The Clerk-Treasurer's monthly bank reconciliation should be reviewed, initialed, and approved in the minutes by the Village Council.
- The Village Council review receipt reports, disbursement reports, and monthly fund balances to determine if transactions are being posted in a timely manner and to the correct line items and funds.

VILLAGE OF BELMORE  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001 (CONTINUED)

**Material Weakness (Continued)**

**Posting of Transactions and Cash Reconciliations (Continued)**

The lack of timely bank reconciliations by the Clerk-Treasurer and monitoring by the Village Council allowed these errors to occur without detection.

- In 2017 and 2016, Enterprise Fund grant receipts were posted to the General Fund.
- In 2016, Permissive Motor Vehicle Tax receipts were posted to the General Fund.
- In 2017, receipts were posted that should have been posted in 2016.
- In 2016, Enterprise receipts were posted to the General Fund.

Improper reporting of revenue could cause management to draw incorrect conclusions regarding its fiscal position. Financial activity should be properly reported in the accounting ledgers, so the Village Council can better assess whether financial goals are being met on an ongoing basis. These amounts were adjusted in the Village's accounting system and these financial statements reflect all adjustments and reclassifications.

**Officials' Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-002

**Material Weakness/Noncompliance**

**Ohio Rev. Code 5705.36** provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget along with any unencumbered balances existing at the end of the preceding year. The total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

Furthermore, **Ohio Rev. Code 5705.39** provide that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditures therefrom, as certified by the budget commission, or incase of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriation authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

The Clerk-Treasurer did not file the certificate of amounts available for expenditure with the County Auditor for 2017 or 2016.

VILLAGE OF BELMORE  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002 (Continued)

**Material Weakness/Noncompliance (Continued)**

The Clerk-Treasurer also did not file the approved appropriations with the County Auditor for 2017 or 2016. There was no evidence that the Village Council approved appropriations for 2017 or 2016. With no appropriations or certificate of estimated resources filed with the County Auditor, the County Budget Commission could not issue the required certificate regarding whether estimated resources were sufficient to cover the appropriations.

Lack of knowledge of budgetary law and lack of monitoring by the Village Council could result in deficit spending.

We recommend:

- The Clerk-Treasurer file the certificate of amounts available for expenditure by the required filing date each year.
- The Clerk-Treasurer obtain a certificate of estimated resources each year.
- The Clerk-Treasurer post estimated resources from the certificates of estimated resources.
- The Clerk-Treasurer file appropriations with the County Auditor each year and obtain a certificate that appropriations do not exceed estimated resources from the County Budget Commission.
- The Clerk-Treasurer and the Village Council regularly monitor appropriations as compared to the total available resources for expenditure from each fund.
- The Village Council approve any necessary modifications to the estimated resources and appropriations, and the Clerk-Treasurer file the amendments with the County Auditor.

**Officials' Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-003

**Material Weakness/Noncompliance**

**Ohio Rev. Code 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

For 2017 and 2016, expenditures in all funds exceeded appropriations.

The Village Council failed to approve appropriations for both 2017 and 2016. Expenditures in excess of appropriations may result in deficit spending.

We recommend the Village Council approve appropriations for expenditure every year and expenditures and appropriations be reviewed frequently by the Village Council. Adjustments should be made to reduce the possibility of expenditures exceeding appropriations if necessary.

**Officials' Response** – We did not receive a response from officials to this finding.

VILLAGE OF BELMORE  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-004

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every 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 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 that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
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 entity 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of the expenditures tested for 2017 and for 100% of the expenditures tested for 2016.

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 assure that purchase commitments receive prior approval.

VILLAGE OF BELMORE  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-004 (Continued)

**Material Weakness/Noncompliance (Continued)**

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-005

**Material Weakness/Noncompliance**

**Internal Revenue Regulation, 26 U.S.C.A. 3402** provides, in part, that "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..." **Internal Revenue Regulation, 26 U.S.C.A 3403** provides that the employer is liable for the payment of any tax that is required by law to be deducted or withheld.

There was no evidence that amounts withheld from paychecks for Medicare and Federal Income Tax and the employer's share of Medicare were remitted to the Internal Revenue Service (IRS) for 2017 and 2016. We found no evidence that the Village had remitted these amounts through the date of this report.

**Ohio Rev. Code Section 5747.07(E) (1)** in part states that every employer shall file, not later than the last day of the month following the end of each quarter, a return covering, but not limited to, both the actual amount deducted and withheld and the amount required to be deducted and withheld for the tax imposed under this calendar during each partial weekly withholding period during the quarter.

There was no evidence that state and local income taxes withheld from the compensation of Village employees and elected officials for 2017 and 2016 was remitted to the Ohio Department of Taxation. We found no evidence that the Village had remitted these amounts through the date of this report.

We recommend the Clerk-Treasurer pay the required amounts due the Internal Revenue Service and the Ohio Department of Taxation by the required due date. We also recommend the Clerk-Treasurer contact the Internal Revenue Service and the Ohio Department of Taxation and take the corrective action to resolve this matter.

This matter will be referred to the Internal Revenue Service and the Ohio Department of Taxation for any action they deem necessary.

**Officials' Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Monitoring of Financial Statements	Not Corrected	Repeated in Finding 2017-001
2015-002	Posting of Transactions and Cash Reconciliations	Not Corrected	Repeated in Finding 2017-001
2015-003	Depositing and Posting of Public Money	Not Corrected	Repeated in Finding 2017-001
2015-004	ORC 5705.10(A) and (I)	Corrected	N/A
2015-005	ORC 5705.14 and .16	Corrected	N/A
2015-006	ORC 5705.36 and .39	Not Corrected	Repeated as Finding 2017-002
2015-007	Posting of Appropriations	Not Corrected	Repeated as Finding 2017-002
2015-008	ORC 5705.41(B)	Not Corrected	Repeated as Finding 2017-003
2015-009	ORC 5705.41(D)(1)	Not Corrected	Repeated as Finding 2017-004
2015-010	Internal Revenue Regulation 26 U.S.C.A 3402 and 3403	Not Corrected	Repeated as Finding 2017-005

OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
MARCH 12, 2019**