



**VILLAGE OF BELMORE
PUTNAM COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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Report on the Financial Statements, Internal Control, and Compliance

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

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Belmore, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2022 and 2021. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

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

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2022-009, 2022-018, 2022-023, and 2022-026 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2022-009, 2022-010, 2022-013, and 2022-018.



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2023

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, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$4,486	\$2,361	\$6,847
Intergovernmental	34,537	23,142	57,679
Fines, Licenses and Permits	730		730
Earnings on Investments	2	131	133
Miscellaneous	4,084		4,084
<i>Total Cash Receipts</i>	<u>43,839</u>	<u>25,634</u>	<u>69,473</u>
Cash Disbursements			
Current:			
Security of Persons and Property	4,578	14,184	18,762
Leisure Time Activities	4,127		4,127
Basic Utility Services	617		617
Transportation		7,534	7,534
General Government	59,018		59,018
Capital Outlay	6,330	2,000	8,330
<i>Total Cash Disbursements</i>	<u>74,670</u>	<u>23,718</u>	<u>98,388</u>
<i>Net Change in Fund Cash Balances</i>	(30,831)	1,916	(28,915)
<i>Fund Cash Balances, January 1</i>	<u>14,055</u>	<u>69,830</u>	<u>83,885</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$16,776)</u></u>	<u><u>\$71,746</u></u>	<u><u>\$54,970</u></u>

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

Village of Belmore
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$25,904
Operating Cash Disbursements	
Contractual Services	16,453
Other	257
<i>Total Operating Cash Disbursements</i>	16,710
<i>Operating Income</i>	9,194
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	2,519
Capital Outlay	(4,316)
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,797)
<i>Net Change in Fund Cash Balance</i>	7,397
<i>Fund Cash Balance, January 1</i>	22,175
<i>Fund Cash Balance, December 31</i>	\$29,572

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, 2022

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (the Pool). Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Coronavirus Relief Fund This fund accounts for and reports Local Fiscal Recovery and American Rescue Plan grant activity.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

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

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2022 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, 2022
(Continued)

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction Maintenance and Repair, State Highway, Street Lighting, Fire Department, and Sewer Operating Funds in the amounts of \$74,670, \$9,415, \$119, \$3,566, \$2,506, and \$21,026, respectively. In addition, contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded property taxes and intergovernmental revenue in the wrong funds and had deficit fund balances in the General, Street Lighting, and Fire Department Funds in the amounts of \$16,776, \$7,879, and \$2,506, respectively.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$43,839	\$43,839
Special Revenue		25,634	25,634
Enterprise		28,423	28,423
Total		\$97,896	\$97,896

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$74,670	(\$74,670)
Special Revenue	\$8,112	23,718	(15,606)
Enterprise		21,026	(21,026)
Total	\$8,112	\$119,414	(\$111,302)

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 5 – Deposits

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

	<u>2022</u>
Demand deposits	\$58,912
Certificates of deposit	25,630
Total deposits	\$84,542

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

The fund balance of Special Revenue Funds is restricted.

Note 12 – Miscellaneous Revenues

Miscellaneous receipts in the General and Enterprise Funds primarily consisted of insurance proceeds.

Note 13 – Subsequent Events

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

Note 14 – Fiscal Distress

As of December 31, 2022, the General Fund reported a deficit balance of \$16,776. As of December 21, 2023, management has not developed plans to address these conditions.

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, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$4,329	\$2,260	\$6,589
Intergovernmental	32,369	20,671	53,040
Fines, Licenses and Permits	490		490
Earnings on Investments	2	55	57
Miscellaneous	363		363
<i>Total Cash Receipts</i>	<u>37,553</u>	<u>22,986</u>	<u>60,539</u>
Cash Disbursements			
Current:			
Security of Persons and Property	5,488	2,637	8,125
Leisure Time Activities	63		63
Basic Utility Services	587		587
Transportation		128	128
General Government	30,949		30,949
<i>Total Cash Disbursements</i>	<u>37,087</u>	<u>2,765</u>	<u>39,852</u>
<i>Net Change in Fund Cash Balances</i>	466	20,221	20,687
<i>Fund Cash Balances, January 1</i>	<u>13,589</u>	<u>49,609</u>	<u>63,198</u>
<i>Fund Cash Balances, December 31</i>	<u>\$14,055</u>	<u>\$69,830</u>	<u>\$83,885</u>

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

Village of Belmore
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$24,592
Operating Cash Disbursements	
Contractual Services	12,992
<i>Net Change in Fund Cash Balance</i>	11,600
<i>Fund Cash Balance, January 1</i>	10,575
<i>Fund Cash Balance, December 31</i>	\$22,175

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, 2021

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (the Pool). Note 7 to the financial statements provides additional information for this entity. 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

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Fund Accounting

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

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

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

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

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

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

Basis of Accounting

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

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(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. The Village did not use the encumbrance method of accounting.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

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

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

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

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

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, State Highway, Street Lighting, and Sewer Operating Funds in the amounts of \$37,087, \$128, \$2,637, and \$12,992, respectively. In addition, contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded property taxes and intergovernmental revenue in the wrong funds and had a deficit fund balance in the Street Lighting Fund in the amount of \$7,051.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$37,553	\$37,553
Special Revenue		22,986	22,986
Enterprise		24,592	24,592
Total		\$85,131	\$85,131

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$37,087	(\$37,087)
Special Revenue		2,765	(2,765)
Enterprise		12,992	(12,992)
Total		\$52,844	(\$52,844)

Note 5 – Deposits

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

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

	2021
Demand deposits	\$80,479
Certificates of deposit	25,581
Total deposits	\$106,060

The Village does not have a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2021</u>	
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Village of Belmore
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans which include medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021.

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

The fund balance of Special Revenue Funds is restricted.

Note 12 – Subsequent Events

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

VILLAGE OF BELMORE
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

<i>Finding Number</i>	2022-001
------------------------------	-----------------

Noncompliance – Public Records Training

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

Four of eight (50%) of the Village's elected officials with terms ending in 2021, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

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

<i>Finding Number</i>	2022-002
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Noncompliance – Annual Report Filing

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

The Village's 2021 annual financial report was due on March 1, 2022; however, due to deficiencies in policies and procedures over the filing of annual reports, the Village's 2021 report was not filed until February 28, 2023. Failing to file by the required date could result in penalties of \$25 per day up to a maximum of \$750.

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

<i>Finding Number</i>	2022-003
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Noncompliance – Fraud Reporting System

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

For 2022 and 2021, the Village neither made its current employees aware of the new fraud reporting system nor made two new employees confirm receipt of this information, due to deficiencies in internal control policies and procedures over the fraud-reporting system. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

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

<i>Finding Number</i>	2022-004
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Noncompliance – Council Meetings

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

Due to a lack of policies and procedures over notifying the public of council meetings, the Village did not establish by rule a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings nor notify the public or news media about any Village Council meetings in 2022 and 2021. Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws. Resolutions, rules, or formal actions adopted by the Village during a meeting in which the Village failed to provide proper notice pursuant to Ohio Rev. Code 121.22(F) are invalid pursuant to Ohio Rev. Code § 121.22(H).

<i>Finding Number</i>	2022-005
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Noncompliance – Annual Continuing Education

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

Due to deficiencies in policies and procedures over monitoring compliance with continuing education requirements, the Clerk/Treasurer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State’s office in fiscal years 2022 and 2021. Failing to complete the required training or exemption could result in improper investments.

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

<i>Finding Number</i>	2022-006
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Noncompliance – Records Retention

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

During 2021, due to a lack of internal policies and control procedures over maintaining records, payroll remittances and time sheets could not be located. Failure to adequately maintain documentation could result in incomplete or inaccurate financial records being maintained.

The Village should ensure all payroll records are retained and adequately safeguarded in accordance with the Ohio Rev. Code and Ohio Admin. Code.

<i>Finding Number</i>	2022-007
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Noncompliance – Public Retention Policy and Schedule

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

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

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

<i>Finding Number</i>	2022-008
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Noncompliance – Public Records Policy

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

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

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

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

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

Finding Number	2022-009
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Noncompliance and Internal Control Deficiency – Monies Recorded in Improper Fund

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

- In 2022, the Village inappropriately recorded \$1,206 of homestead and rollback and gasoline excise tax revenue in the General Fund. Given the source of the revenue, \$742, \$87, and \$377 should have been recorded in the Street Construction Maintenance and Repair, State Highway, and Street Lighting Funds, respectively.
- In 2021, the Village inappropriately recorded \$801 in homestead and rollback and gasoline excise tax revenue in the General Fund. Given the source of the revenue, \$670, \$77, and \$54 should have been recorded in the Street Construction Maintenance and Repair, State Highway, and the Street Lighting Funds, respectively.
- In 2021, the Village inappropriately recorded \$2,260 of property tax revenue in the General Fund as intergovernmental receipts. Given the source of the revenue, this should have been recorded in the Street Lighting Fund as property and other local taxes.
- In 2021, the Village inappropriately recorded \$753 of homestead and rollback revenue in the Street Lighting Fund as property and other local taxes. Given the source of the revenue, this should have been recorded in the General Fund as intergovernmental receipts.

- In 2021, the Village inappropriately recorded \$5,469 of permissive tax revenue in the Street Lighting Fund as property and other local taxes. Given the source of the revenue, this should have been recorded in the Permissive Motor Vehicle License Tax Fund as intergovernmental receipts.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

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

Finding Number	2022-010
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Noncompliance – Deficit Fund Balances

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

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

The Street Lighting Fund had deficit fund balances in the amounts of \$7,879 and \$7,051 at December 31, 2022 and 2021, respectively. In addition, the General and Fire Department Funds had deficit fund balances in the amounts of \$16,776 and \$2,506, respectively, at December 31, 2022. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Board’s periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

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

Finding Number	2022-011
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Noncompliance – Certification of Available Balances

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

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

The Clerk/Treasurer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2022 and 2021. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to certify balances and obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

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

<i>Finding Number</i>	2022-012
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Noncompliance – Approval of Appropriations

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

The Village did not approve appropriations in 2022 or 2021. These errors were the result of inadequate policies and procedures regarding timely approval of appropriations and lack of retaining documentation. As a result, none of the expenditures made in 2022 and 2021 were legally expended.

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

<i>Finding Number</i>	2022-013
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Noncompliance – Expenditures in Excess of Appropriations

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

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

- General, Street Construction Maintenance and Repair, State Highway, Street Lighting, Fire Department, and Sewer Operating Funds in the amounts of \$74,670, \$9,415, \$119, \$3,566, \$2,506, and \$21,026, respectively, as of December 31, 2022.
- General, State Highway, Street Lighting, and Sewer Operating Funds in the amounts of \$37,087, \$128, \$2,637, and \$12,992, respectively, as of December 31, 2021.

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

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

<i>Finding Number</i>	2022-014
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Noncompliance and Internal Control Deficiency – Improper Certification of Expenditures

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

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

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

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

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

Due to deficiencies in internal controls, 100 percent of the transactions tested at 2022 and 2021 year-ends were not certified by the Clerk/Treasurer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

<i>Finding Number</i>	2022-015
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Noncompliance – On-Behalf Activity

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

In 2022, the Village received American Rescue Plan Act on-behalf grant monies in the amount of \$8,112. Due to deficiencies in Village procedures over recording appropriations, the Village did not record these appropriations in the accounting system. Failing to record appropriations in the accounting system could result in management making misinformed decisions.

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

<i>Finding Number</i>	2022-016
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Noncompliance – Approval of New Fund

Ohio Rev. Code § 5705.09 states that each subdivision shall establish the following funds:

- (A) General fund;
- (B) Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- (C) Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- (D) A special fund for each special levy;
- (E) A special bond fund for each bond issue;
- (F) A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- (G) A special fund for each public utility operated by a subdivision;
- (H) A trust fund for any amount received by a subdivision in trust.

Further, **Ohio Rev. Code § 5705.09(F)** implies that a resolution must be present.

During 2021, the Village established Fund 2151 Coronavirus Relief Fund. Due to a lack of controls over the fund approval process, the Council did not approve the establishment of this fund. Failure to obtain the necessary approval could result in improper funds being added.

Council should formally approve, via Resolution, the establishment of any new funds.

<i>Finding Number</i>	2022-017
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Noncompliance – Remittance of Federal Taxes Withheld

Internal Revenue Regulations 26 U.S.C. § 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. In addition, **26 U.S.C. § 3102** provides that the tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. **26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Due to deficiencies in accounting policies and procedures over payroll remittance, the Village did not remit federal income or Medicare taxes during the audit period. The Village did remit a payment in 2023 for amounts due in prior years with \$320.81 in federal income and/or Medicare taxes still outstanding.

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

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

This matter will be referred to the Internal Revenue Service.

<i>Finding Number</i>	2022-018
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Noncompliance and Internal Control Deficiency – Sewer Receipts Recorded to Improper Fund

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

Due to a deficiency in the implementation of controls over sewer charges for services receipts, in 2021, the Village inappropriately allocated \$5,091 of sewer charges for services receipts in the General Fund instead of the Sewer Operating Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

<i>Finding Number</i>	2022-019
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Internal Control Deficiency – Monthly Financial Reports Review

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

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

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

<i>Finding Number</i>	2022-020
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Internal Control Deficiency – Audit Committee

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

The audit committee should be actively involved in:

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

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

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

<i>Finding Number</i>	2022-021
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Internal Control Deficiency – Sewer Computer System Backups

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

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

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

<i>Finding Number</i>	2022-022
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Internal Control Deficiency – Council Meeting Minutes

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

Due to a deficiency in policies and procedures over the minutes, the Council meeting minute records were not signed by the Council President for years 2022 and 2021, and were not signed by the Clerk/Treasurer during January through August 2022 and for year 2021. A lack of signed minutes makes it unclear whether the minutes are the official records of the Village Council meetings.

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

<i>Finding Number</i>	2022-023
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Internal Control Deficiency – Financial Reporting

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

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- In 2022, the Village received American Rescue Plan Act on-behalf grant monies that were not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, security of persons and property expenditures, and appropriations in the Special Revenue Fund in the amount of \$8,112.

- In 2022, miscellaneous receipts were incorrectly classified as special assessments in the Sewer Operating Fund in the amount of \$2,519.
- In 2022, budgetary expenditures in the budgetary activity note to the financial statements were understated in the Enterprise Fund in the amount of \$1,806.
- In 2022, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$22,767, \$3,956, and \$19,224, respectively.
- In 2021, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the General and Enterprise Funds in the amounts of \$4,850 and \$3,679, respectively.
- In 2021, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General, Special Revenue, and Enterprise Funds in the amounts of \$30,335, \$57,201, and \$3,787, respectively.
- In 2022 and 2021, outstanding encumbrances in the Fund Balances note to the financial statements were overstated in the General Fund in the amounts of \$4,632 and \$4,850, respectively.
- In 2021, property and other local taxes were incorrectly classified as intergovernmental receipts in the General Fund in the amount of \$4,310.
- In 2021, intergovernmental receipts were incorrectly classified as property and other local taxes in the Street Lighting Fund in the amount of \$323.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements in the amounts of \$94 and \$190 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk/Treasurer and Council, to help identify and correct errors and omissions.

<i>Finding Number</i>	2022-024
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Internal Control Deficiency – Budgetary Amounts Not Recorded Correctly in the Accounting System

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

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

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

- In 2022, even though no appropriations were approved by Council, appropriations were posted to the system in the General, Street Construction Maintenance and Repair, State Highway, Street Lighting, and Sewer Operating Funds in the amounts of \$19,268, \$9,720, \$120, \$2,228, and \$19,224, respectively. The amounts in the accounting system were greater since no amounts were approved by Council.
- In 2021, even though no appropriations were approved by Council, appropriations were posted to the system in the General, Street Construction Maintenance and Repair, State Highway, Permissive Motor Vehicle, Street Lighting, and Sewer Operating Funds in the amounts of \$26,471, \$48,016, \$4,000, \$2,186, \$3,000, and \$3,680, respectively. The amounts in the accounting system were greater since no amounts were approved by Council.

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

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

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

<i>Finding Number</i>	2022-025
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Internal Control Deficiency – Disbursement Record Keeping and Payment Process

Sound accounting practices require disbursement transactions be promptly and accurately recorded and records be filed in an orderly manner. However, due to deficiencies in policies and procedures over disbursements, the following weaknesses were noted in the disbursement records:

- Voucher packets did not usually contain the check number or a copy of the check.
- Voucher packets were not filed in check number order.
- Manual checks were used instead of computer generated checks and the number on the manual checks were not in agreement with the UAN system.
- Four of the fifty-seven invoices tested were not paid timely, which resulted in late fees of \$36 being paid.
- Ohio Public Employees Retirement remittances were not paid timely, which resulted in late fees of \$79 being paid.
- Checks were only signed by the Village Clerk/Treasurer.

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

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

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

<i>Finding Number</i>	2022-026
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Internal Control Deficiency – Cash Reconciliation Process Errors

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

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

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

Due to deficiencies in accounting policies and procedures over bank reconciliations, monthly bank to book reconciliations were not prepared or reviewed each month of 2022 and 2021. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

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

Officials’ Response:

We did not receive responses from Officials to these findings.

Village of Belmore

311 Main St – PO Box 10

Belmore, OH 45815

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2020-001	This finding was first reported in 2018. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) for not attending public records training.	No	Not corrected and reissued as Finding 2022-001 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-002	This finding was first reported in 2018. Ohio Rev. Code § 117.38(B) for not filing a complete annual financial report timely.	No	Not corrected and reissued as Finding 2022-002 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-003	This finding was first reported in 2018. Ohio Rev. Code § 117.103(B)(1) for not informing current employees of the new fraud reporting system.	No	Not corrected and reissued as Finding 2022-003 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-004	This finding was first reported in 2018. Ohio Rev. Code § 121.22(F) for not notifying the public of council meetings.	No	Not corrected and reissued as Finding 2022-004 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-005	This finding was first reported in 2018. Ohio Rev. Code § 135.22(B) for the Clerk/Treasurer not attending the annual continuing education programs or completing the annual exemption.	No	Not corrected and reissued as Finding 2022-005 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2020-006	This finding was first reported in 2018. Ohio Rev. Code § 149.351(A) for not maintaining ordinances.	No	Not corrected and reissued as Finding 2022-006 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-007	This finding was first reported in 2018. Ohio Rev. Code § 149.43(B)(2) for not establishing a records retention policy and schedule.	No	Not corrected and reissued as Finding 2022-007 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-008	This finding was first reported in 2018. Ohio Rev. Code § 149.43(E)(2) for not establishing a public records policy.	No	Not corrected and reissued as Finding 2022-008 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-009	This finding was first reported in 2018. Internal control deficiency and noncompliance with Ohio Rev. Code § 5705.10 for posting revenue in the wrong fund.	No	Not corrected and reissued as Finding 2022-009 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-010	This finding was first reported in 2020. Ohio Rev. Code § 5705.10(I) for a deficit fund balance in the Street Lighting Fund.	No	Not corrected and reissued as Finding 2022-010 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-011	This finding was first reported in 2014. Ohio Rev. Code § 5705.36(A)(1) for not filing the required certificate for 2020, 2019, and 2018 with the County Auditor by the required date.	No	Not corrected and reissued as Finding 2022-011 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Village of Belmore
Putnam County
Summary Schedule of Prior Audit Findings
Page 3

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2020-012	This finding was first reported in 2018. Ohio Rev. Code § 5705.38(A) for not approving annual appropriations on or about the first day of each fiscal year or passing temporary appropriations.	No	Not corrected and reissued as Finding 2022-012 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-013	This finding was first reported in 2014. Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	No	Not corrected and reissued as Finding 2022-013 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-014	This finding was first reported in 1998. Internal control deficiency and noncompliance with Ohio Rev. Code § 5705.41(D)(1) for not properly certifying disbursements.	No	Not corrected and reissued as Finding 2022-014 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-015	This finding was first reported in 2018. Ohio Rev. Code § 5705.42 for not properly posting on behalf activity.	No	Not corrected and reissued as Finding 2022-015 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-016	This finding was first reported in 2014. Ohio Rev. Code § 5747.07 for not remitting state and local income taxes withheld.	Yes	
2020-017	This finding was first reported in 2014. Internal Revenue Regulations 26 U.S.C. § 3402 and 3403 for not remitting Medicare and Federal Income Tax withheld.	No	Not corrected and reissued as Finding 2022-017 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Village of Belmore
Putnam County
Summary Schedule of Prior Audit Findings
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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2020-018	This finding was first reported in 2020. Ohio Rev. Code § 733.81(D)(2) for Clerk/Treasurer not attending continuing education training.	Yes	
2020-019	This finding was first reported in 2019. Internal control deficiency and noncompliance with Village of Belmore Ordinance 02-2017 for posting sewer charges for services receipts in the wrong fund.	No	Not corrected and reissued as Finding 2022-018 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-020	This finding was first reported in 2018. Internal control deficiency for lack of evidence of any monthly or year-end financial information being given to or reviewed by Village Council.	No	Not corrected and reissued as Finding 2022-019 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-021	This finding was first reported in 2018. Internal control deficiency for lack of an active finance committee.	No	Not corrected and reissued as Finding 2022-020 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-022	This finding was first reported in 2018. Internal control deficiency for lack of maintaining sewer computer backup disks in a secure offsite location, away from the Village computer.	No	Not corrected and reissued as Finding 2022-021 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-023	This finding was first reported in 2018. Internal control deficiency for lack of Council minutes being signed by the Council President and the Clerk/Treasurer.	No	Not corrected and reissued as Finding 2022-022 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Village of Belmore
Putnam County
Summary Schedule of Prior Audit Findings
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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2020-024	This finding was first reported in 2010. Internal control deficiency for lack of monitoring of financial transactions resulting in errors in the financial statements.	No	Not corrected and reissued as Finding 2022-023 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-025	This finding was first reported in 2018. Internal control deficiency for not posting estimated amounts in the Village's financial ledgers.	No	Not corrected and reissued as Finding 2022-024 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-026	This finding was first reported in 2018. Internal control deficiency for not posting disbursement transactions or maintaining records in an orderly manner.	No	Not corrected and reissued as Finding 2022-025 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-027	This finding was first reported in 2010. Internal control deficiency for not preparing monthly bank to book reconciliations.	No	Not corrected and reissued as Finding 2022-026 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2020-028	This finding was first reported in 2018. Internal control deficiency for carrying long outstanding checks on the bank account reconciliation.	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BELMORE

PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/4/2024

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This report is a matter of public record and is available online at
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