



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF BELMORE  
PUTNAM COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have selectively tested certain accounts, financial records, files, and reports of the Village of Belmore, Putnam County, (the Village) as of and for the years then ended December 31, 2005 and 2004, following Ohio Admin. Code § 117-4-02.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

March 20, 2007

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**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$995	\$2,027	\$3,022
Intergovernmental Receipts	42,718	11,971	54,689
Earnings on Investments		607	607
Miscellaneous	83		83
	<u>43,796</u>	<u>14,605</u>	<u>58,401</u>
<b>Total Cash Receipts</b>			
	<u>43,796</u>	<u>14,605</u>	<u>58,401</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property		5,157	5,157
Basic Utility Services	13,141	1,788	14,929
General Government	29,104	155	29,259
	<u>42,245</u>	<u>7,100</u>	<u>49,345</u>
<b>Total Cash Disbursements</b>			
	<u>42,245</u>	<u>7,100</u>	<u>49,345</u>
<b>Total Cash Receipts Over Cash Disbursements</b>			
	<u>1,551</u>	<u>7,505</u>	<u>9,056</u>
Fund Cash Balances, January 1	(11,775)	49,190	37,415
	<u>(11,775)</u>	<u>49,190</u>	<u>37,415</u>
<b>Fund Cash Balances, December 31</b>			
	<u><b>(\$10,224)</b></u>	<u><b>\$56,695</b></u>	<u><b>\$46,471</b></u>
Reserves for Encumbrances, December 31	\$1,119		\$1,119
	<u>\$1,119</u>		<u>\$1,119</u>

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

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,285	\$2,134	\$3,419
Intergovernmental Receipts	38,879	19,511	58,390
Charges for Services	200		200
Earnings on Investments	124	124	248
Miscellaneous	2,947	170	3,117
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	43,435	21,939	65,374
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,655	2,565	5,220
Basic Utility Services	15,000		15,000
General Government	37,152	462	37,614
Capital Outlay		8,491	8,491
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,807	11,518	66,325
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(11,372)	10,421	(951)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(403)	38,769	38,366
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$11,775)</u></b>	<b><u>\$49,190</u></b>	<b><u>\$37,415</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  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio established the rights and privileges of the Village of Belmore, Putnam County (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental service and trash pick up. The Village appropriates general fund money to support a volunteer fire department.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash**

The Village values certificate of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

Street Lighting Fund -This fund receives property tax money to pay for street lights in the Village.

Fire Department Fund - This fund receives grant money for siren and pager upgrades.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

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

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

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2005	2004
Demand deposits	\$26,471	\$17,415
Certificates of deposit	20,000	20,000
Total deposits	\$46,471	\$37,415

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,492	\$43,796	(\$3,696)
Special Revenue	2,146	14,605	12,459
Total	\$49,638	\$58,401	\$8,763

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,047	\$43,364	(\$8,317)
Special Revenue	19,543	7,100	12,443
Total	\$54,590	\$50,464	\$4,126

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,233	\$43,435	(\$3,798)
Special Revenue	9,178	21,939	12,761
Total	\$56,411	\$65,374	\$8,963

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,440	\$54,807	(\$17,367)
Special Revenue	16,325	11,518	4,807
Total	\$53,765	\$66,325	(\$12,560)

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEM**

The Village's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. GENERAL FUND BALANCE**

The Village's General Fund has had a deficit cash balance the entire period of January 1, 2004, through December 31, 2005. As of December 31, 2004, the General Fund's balance was (\$11,774.91). The General Fund's deficit balance improved somewhat to (\$10,223.66) as of December 31, 2005. The fund balance deficit in the General Fund as of December 31, 2006, was (\$12,742.91) (the most current date available). Council plans to address this condition by enhancing revenues through the sale of surplus property, possibly increasing property tax or creating a municipal income tax. Disbursements are anticipated on being reduced through the reduction of salaries and other expenditures.

Council has not adopted a balanced budget for the General Fund in 2007. For 2007, the amended certificate of estimated resources shows a balance of \$27,924 in the General Fund. In its 2007 budget, the Village estimated General Fund expenditures at \$63,095.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have selectively tested certain accounts, financial records, files, and reports of the Village of Belmore, Putnam County, (the Village), as of and for years ended December 31, 2005 and 2004 following Ohio Admin. Code § 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the schedule of findings as items 2005-015 through 2005-021.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2005-001 through 2005-014.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

March 20, 2007



**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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**FINDING NUMBER 2005-001**

**Noncompliance Citation**

Ohio Administrative Code § 117-2-02 (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Local Governmental Services was contracted to reconstruct the 2004 and 2005 books due to the following:

- Footing errors existed in the monthly cash journals for the period January 1, 2004 through December 31, 2005.
- Footing errors existed in the 2004 and 2005 financial statements.
- Beginning balances in the 2004 financial statements did not match prior audited ending balances.
- The reconciled cash balances did not match total fund balances on the Cash Reconciliation Page of the annual report, nor the cash book balances for either 12/31/04 or 12/31/05.
- There were no itemized expenditures presented for the Special Revenue Fund type in the annual report for either 2004 or 2005
- Receipts and appropriations ledgers did not tie out to the financial statements and were incomplete.
- Amounts posted in the receipts ledgers did not agree with cash book entries.
- There were no cancelled checks (or copies of the fronts and backs of cancelled checks) from October 2004 through December 2005.
- Outstanding check lists only consisted of uncleared checks issued in the most recent month and do not include any prior month(s) outstanding checks.

This contributed to a significant deficit fund balance in the General Fund for the period 1-1-04 through the current date. This indicates a lack of financial monitoring by Council. To appropriately maintain the records of the Village, the receipts and appropriations ledgers should be reconciled to the cash journal monthly, the cash balances should be reconciled to the bank monthly and all activity of the Village should be recorded when it occurs. To ensure the records are up to date and in balance the Council finance committee should review the records to ensure all amounts are appropriately recorded, all the records are in agreement and in balance with the bank and the annual financial report accurately reflects the activity and balances of the Village. To assist the finance committee with their review the Clerk should provide the Council with monthly financial statements that include comparisons of budget and actual receipts and disbursements. The Village could gain efficiencies in both financial accounting and reporting if Council would consider investing in a computerized accounting system, such as the Uniformed Accounting System. In addition, the Council needs to monitor the expenditures in the General Fund to ensure the deficit is eliminated.

**Management's Response**

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2005-002

### Noncompliance Citation

Ohio Rev. Code § 135.21 requires interest earned on the investment of pooled assets be credited to the General Fund unless otherwise required by law. One exception is mandated under OAG No. 82.031 which requires that interest earned on money derived from a motor vehicle license tax or fuel tax follow the principal.

Interest earnings should have been credited to the Permissive Motor Vehicle Fund in both 2004 and 2005. We recommend that the Village review this Revised Code section and make appropriate corrections.

### Management's Response

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2005-003

### Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states 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 of the subdivision. The fiscal officer must certify that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall void and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate – If the fiscal officer can certify 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 Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2005-003  
(Continued)**

3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

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

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

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

**Management's Response**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-004**

**Noncompliance Citation**

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

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

**Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-005**

##### **Noncompliance Citation**

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

The Village compensated individuals (not on the Village payroll) in excess of six hundred dollars and filed no 1099 form as required. We recommend 1099's be issued for all non-employee services paid in excess of \$600.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-006**

##### **Noncompliance Citation**

Ohio Revised Code § 5735.29 states that each village shall use at least ninety per cent of all Fuel Excise Taxes to supplement, rather than supplant, other *local* funds used for highway-related purposes.

Local fund disbursements for public works decreased \$81 from 2003 to 2004. This decrease was in excess of ten percent of the 2004 fuel excise taxes received (\$505). This situation indicates the Village used the increased fuel excise taxes received to supplant, rather than supplement. We recommend that all future road project expenditures be allocated across eligible road funds.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-007**

##### **Noncompliance Citation**

Ohio Revised Code § 5705.36(A)(2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that fiscal officer's certification is reasonable, the commission shall certify an amended certificate reflecting the deficiency or excess.

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

**FINDING NUMBER 2005-007  
(Continued)**

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

The actual amounts available for appropriations were less than the amounts estimated in the official certificate and the current level of appropriations in the general fund for 2005 and 2004 as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Estimated Resources</u>	<u>Variance</u>	<u>Appropriations</u>
<b>December 31, 2005</b>				
General Fund	\$31,351	\$47,233	(\$15,882)	\$35,047
<b>December 31, 2004</b>				
General Fund	\$33,643	\$43,796	(\$10,153)	\$37,440

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

We recommend that Fiscal Officer compare actual revenues with estimated revenues during the year and make changes when necessary.

**Management’s Response**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-008**

**Noncompliance Citation**

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

Expenditures exceeded appropriations in the following fund at year end:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>December 31, 2005</b>			
General Fund	\$35,047	\$43,364	(\$8,317)
Fire Fund		\$5,157	(\$5,157)
<b>December 31, 2004</b>			
General Fund	\$37,440	\$54,807	(\$17,367)
Fire Fund		11,057	(\$11,057)

**FINDING NUMBER 2005-008  
(Continued)**

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

We also reported this matter in our audit of the 2003 and 2002 financial statements.

**Management's Response**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-009**

**Noncompliance Citation**

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

The existence of a deficit balance in any fund indicates monies from another fund or funds has been used to pay the obligations of the fund with the deficit balance. The General Fund had a deficit cash balance of \$11,775 and \$10,222 at December 31, 2004 and 2005. The Village should review cash balances prior to making a commitment to expend funds and reduce planned expenditures as needed to avoid deficit balances.

**Management's Response**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-010**

**Noncompliance Citation**

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

There was no evidence the Village certified the necessary tax rates by October 1, 2004 and 2005. We recommend the tax rates be certified by October 1 each year. The certification should be noted in the minutes and a copy of the resolution retained by the Village.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

**Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-011**

##### **Noncompliance Citation**

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

In 2004, the budget was not adopted and filed until August. We recommend the Village approve the budget and file it by the required deadlines.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-012**

##### **Noncompliance Citation**

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

There was no evidence the Fiscal Officer had attended the required training in 2004 or 2005. We recommend the Fiscal Officer attend the annual training session provided by the Auditor of State.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-013**

##### **Noncompliance Citation**

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

The District did not pass temporary appropriation and did not pass annual appropriations until March 10, 2005 for fiscal year 2005. We recommend the Village pass their appropriation measure on or around January 1.

##### **Management's Response**

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2005-014

#### Noncompliance Citation

Ordinance 99 increased the salary of the Village Council members to \$30 per meeting. During 2005 the following council members were paid for the following meetings:

	Meetings Attended	Meetings Paid for	Overpaid
Sally Panaiagua	10	11	\$30
Eric Blasisus	11	12	\$30
Joe Rayle	8	9	\$30
Walter Harpter	9	10	\$30

We recommend that each effected Council member reimburse the General Fund \$30.

#### Management's Response

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2005-015

#### Minutes

The Village minutes did not always include approvals of bills, detail of appropriations was not included and there was no approval of tax rates included. Council speaks though its minute records, incomplete minute records make it difficult to ensure the intentions of Council are acted on. We recommend the minutes include complete detail of all actions approved.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

#### Management's Response

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2005-016

#### Timely Deposits

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

#### Management's Response

We did not receive a response from Officials to this finding.



#### **FINDING NUMBER 2005-017**

##### **AEP Billing**

One of the Village's monthly AEP billings is not in the name of the Village. Receiving and paying for bills not in the Village name could lead to improper and/or unauthorized payments. We recommend the Village contact AEP and have the billing changed to the Village and Council should review all invoices prior to payment to ensure they are appropriate obligations of the Village.

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-018**

##### **Mileage Logs**

The Village maintains a fuel pump for its fire truck. The Village does not maintain mileage logs showing odometer readings and the number of miles actually traveled. This weakness could allow unauthorized usage of fuel to be consumed without detection. We recommend each Village employee maintain mileage logs showing odometer readings and the number of miles actually traveled on Village business. This log should be signed by the official or employee and village management should review periodically for reasonableness of gas purchasing and consumption.

##### **Management's Response**

We did not receive a response from Officials to this finding.

#### **FINDING NUMBER 2005-019**

##### **Payroll**

For 2004 and 2005 the village did not maintain any type of payroll ledger. This caused inaccuracy in the reporting of form W-2 wages. We recommended the Village begin maintaining some type of payroll system to ensure payroll records be maintained for all employees with accurate monthly, quarterly and yearly totals.

##### **Management's Response**

We did not receive a response from Officials to this finding.

### **FINDING NUMBER 2005-020**

#### **Posting Budgeted Receipts**

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

We also reported this matter in the management letter of our audit of the 2003 and 2002 financial statements.

#### **Management's Response**

We did not receive a response from Officials to this finding.

### **FINDING NUMBER 2005-021**

#### **Audit Committee**

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

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

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

#### **Management's Response**

We did not receive a response from Officials to this finding.

**VILLAGE OF BELMORE  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Ohio Revised Code § 5705.10, deficit fund balances	No	Partially Corrected – Repeated as Finding 2005-009.
2003-002	Ohio Revised Code § 5705.41(B), expenditures exceeding appropriations	No	Not corrected – Repeated as Finding 2005-008.
2003-003	Ohio Revised Code § 5705.41(D)(1) – failure to certify all funds	No	Not corrected – Repeated as Finding 2005-003.
2003-004	Financial Monitoring	No	Not corrected – Repeated as Finding 2005-001.
2003-005	Payroll Withholdings and Remittances	Yes	
2003-006	Annual Financial Report	No	Not corrected – Repeated as Finding 2005-001.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BELMORE**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2007**