



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Yorkshire
Darke County
PO Box 567
Yorkshire, Ohio 45388

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Yorkshire, Darke County, (the Village) for the years ended December 31, 2018 and 2017.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2018 and 2017.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code § 117.38** states, in part, that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. Also, the report shall be filed with the auditor of state within sixty days after the close of the fiscal year. **Auditor of State Bulletin 2015-007** states, in part, that Regulatory Cash Basis Entities should file basic financial statements, including Statement(s) (or Combined Statement(s)) of Receipts, Disbursements and Changes of Fund Balances – Governmental, Proprietary and Fiduciary, as applicable, and Notes to the Basic Financial Statements.

For 2018 and 2017, the Village did not file complete financial statements, including the required notes to the financial statements, until April 23, 2019, which is after the sixty day filing deadline. The Village should implement procedures to ensure that the annual financial report is filed on the Hinkle System in a timely manner and that all filings include the required notes to the basic financial statements.

2. **Ohio Rev. Code § 145.034** states, in part, that a member of the public employees retirement system who is a public employee as defined in division (A)(2) of section 145.01 of the Revised Code and whose earnings from employment are or become subject to the tax on wages imposed by the "Federal Insurance Contributions Act," 68A Stat. 415 (1954), 26 U.S.C.A. 3101, as amended, may elect to have such earnings exempted from contributions to the public employees retirement system by filing with the public employees retirement board a written request bearing his signature.

The request shall be filed not later than ninety days after the date the member becomes subject to such tax on wages. A request mailed to the board shall be considered to have been filed on its postmark date. On receipt of a request, the board shall notify the member's employer that the request has been made. No contributions by the person making the request or his employer shall be required for service for which earnings are made exempt from contributions pursuant to this

section, and no service credit shall be granted or purchased for such service. Once granted, a request made pursuant to this section may not be withdrawn.

Village personnel were in positions covered by the Ohio Public Employees Retirement System (OPERS). During 2018 and 2017, Village Council members did not contribute to OPERS and there was no documentation to indicate that a signed notification was submitted to the OPERS board as required. The Village should implement policies and procedures to verify that all personnel are contributing to OPERS or if they elect not to pay into the pension system, they are providing signed documentation to the respective board and also maintaining evidence of this election.

3. **26 U.S.C. § 3102(a)** states that the tax imposed by Section 3101(b) shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages of the employee. 26 U.S.C. § 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld.

During 2018 and 2017, the Village withheld Medicare tax payments from employees' pay. However, the Village did not correctly complete the Form 944 – Employer's Annual Federal Tax Return resulting in an underpayment of Medicare tax in the amount of \$173 in 2018 and \$177 in 2017.

The Village should implement procedures to verify that Form 944 – Employer's Annual Federal Tax Return is properly completed, and that the correct amount of Medicare tax is remitted. The Village should also contact the IRS to determine how to correct the underpayment. This issue will be referred to the IRS.

Current Status of Matters Reported in our Prior Engagement

4. Our prior audit engagement for the years ended December 31, 2012 and 2011 noted a finding related to the Village's failure to implement the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54. This matter appears to have not been corrected for the years ended December 31, 2018 and 2017.
5. In addition to the above, our prior audit engagement for the years ended December 31, 2014 and 2013 noted the Village did not incorporate budgeted receipts or appropriations into the manual accounting records, to track budget versus actual receipts and disbursements throughout the year. This matter appears to have not been corrected for the years ended December 31, 2018 and 2017. The Village should include estimated receipts and approved appropriations in the manual accounting records so that members of the Village Council can make informed decisions and avoid potential deficit spending.



Keith Faber
Auditor of State
Columbus, Ohio

July 25, 2019

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF YORKSHIRE

DARKE 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
AUGUST 6, 2019**