



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT

City of Nelsonville
Athens County
Ohio Police and Fire Pension Fund
RSM US, LLP
P.O. Box 370
Nelsonville, Ohio 45764

We have examined the City of Nelsonville, Athens County, Ohio management's assertion that the census data and pensionable wages reported to the Ohio Police and Fire Pension Fund as of December 31, 2019, and for the year then ended was accurate and complete.

Management asserts that:

- The census data provided to the Ohio Police and Fire Pension Fund as of December 31, 2019 is accurate and complete. Census data includes
 - First and Last Name;
 - Last four digits of the social security number;
 - Contributions remitted to the plan;
 - Pensionable Compensation.
- The census data provided to the Ohio Police and Fire Pension Fund as of December 31, 2019 included all enrolled employees.
- Census data changes occurring during the year ended December 31, 2019 to an enrolled employee's eligible compensation, were properly updated with the Ohio Police and Fire Pension Fund.
- All employees required to be enrolled in the Ohio Police and Fire Pension Fund in accordance with statutory requirements were properly enrolled.
- The total pensionable wages and employee contributions information reported to the Ohio Police and Fire Pension Fund for the year ended December 31, 2019 agrees with the payroll records of the employer.

The City of Nelsonville's management is responsible for the assertions. Our responsibility is to opine on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements included in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require

that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination disclosed an employee required to be enrolled in the Ohio Police and Fire Pension Fund (OP&F) who was not properly enrolled. As a result, the pensionable wages and required contributions for this employee were not properly reported and remitted to the plan. Additionally, other differences were noted between the pensionable wages earned and related contributions as reported to OP&F and the amounts that should have been reported. These differences aggregated to under reporting of pensionable wages and employee contributions to OP&F of approximately 11 percent.

In our opinion, except for the material misstatements described in the preceding paragraph, management's assertions related to the accuracy and completeness of the census data and pensionable wages as described above provided to the Ohio Police and Fire Pension Fund as of and for the year ended December 31, 2019 are fairly stated in all material respects.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the accuracy and completeness of the census data and pensionable wages; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management's assertion regarding the accuracy and completeness of the census data reported to the retirement system is fairly stated, and not for the purpose of expressing an opinion on the internal control over the accuracy and completeness of the census data provided to the pension system, or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings.

This report is intended solely for the information and use of the City of Nelsonville's management, those charged with governance, Ohio Police and Fire Pension Fund, and RSM US, LLP to provide assurances that the census data reported to the Ohio Police and Fire Pension Fund is accurate and complete. This report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2020

**CITY OF NELSONVILLE
ATHENS COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2019**

FINDING NUMBER 2019-001

Noncompliance and Material Weakness

Ohio Rev. Code § 742.01(E) provides that "Member of the fund" means any person, except an other system retirant as defined in § 742.26 of the Revised Code, who is contributing a percentage of the person's annual salary to the Ohio police and fire pension fund or who is receiving a disability benefit or pension from the fund as a result of service in a police or fire department. A person, other than an other system retirant, who is contributing a percentage of the person's annual salary to the fund and is dismissed, resigns, or is granted a leave of absence from a police or fire department shall be considered a "member of the fund" for a period of twelve months after the first day of the dismissal, resignation, or leave of absence, provided the sum deducted from the person's salary and credited to the person's account in the fund remains on deposit in the fund.

The City enrolled 8.3 percent of employees tested in the Federal Insurance Contributions Act system instead of the Ohio Police and Fire Pension Fund as required. This was an oversight by management. The City Auditor has been working with the Ohio Police and Fire Pension Fund to get this situation corrected. Improperly enrolling an employee can result in additional liabilities for the City.

The City Auditor should monitor all current employees and any new hires to ensure they are properly enrolled in the correct pension system.

Management's Response: Though these errors were under a prior administration and payroll department, the city takes seriously the accuracy of its reports and payments to Ohio Police and Fire and other payroll vendors. The new administrators are working diligently to fix any errors of the past, including the self-discovery and reporting of one of these examples found here, and to maintain compliance going forward. All pensionable wages and employees will be pensioned correctly going forward.

FINDING NUMBER 2019-002

Noncompliance and Material Weakness

Ohio Rev. Code § 742.01(L)(1) provides that except as otherwise provided in this division or in rules authorized by section 742.013 of the Revised Code, "salary" means all compensation, wages, and other earnings paid to an employee by reason of employment, but without regard to whether compensation, wages, or other earnings are treated as deferred income for federal income tax purposes. "Salary" includes payments for overtime that are included in the payroll for the period in which the overtime is worked or the payroll for any period not later than sixty days after the overtime is worked.

In addition, the Ohio Police and Fire Pension Fund has set contribution rates at 12.25 percent of pensionable wages.

The pensionable wages submitted to the Ohio Police and Fire Pension Fund were understated by \$62,193 or 11.12 percent of gross payroll. This was an oversight by management which appeared to stem from handwritten adjustments to amounts from the payroll system when calculating the pensionable wages. In addition, the employee and employer contributions submitted to Ohio Police and Fire Pension Fund were understated as their respective percentages of that gross total. For Employee contributions, this total was \$7,618. The failure to accurately submit proper pensionable wages and withholdings can result in additional liabilities and fines/fees.

**CITY OF NELSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2019
(Continued)**

**FINDING NUMBER 2019-002
(Continued)**

Noncompliance and Material Weakness - Ohio Rev. Code § 742.01(L)(1) (Continued)

The City Council should establish procedures and monitor remittances to ensure pensionable gross wages and contributions are properly calculated and remitted to the Ohio Police and Fire Pension Fund.

Management's Response: Though these errors were under a prior administration and payroll department, the city takes seriously the accuracy of its reports and payments to Ohio Police and Fire and other payroll vendors. The new administrators are working diligently to fix any errors of the past, including the self-discovery and reporting of one of these examples found here, and to maintain compliance going forward. All pensionable wages and employees will be pensioned correctly going forward.

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CITY OF NELSONVILLE

ATHENS 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 12/22/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov