



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

Village of Conesville
Coshocton County
P.O. Box 214
Conesville, Ohio 43811

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of the Village of Conesville, Coshocton County, Ohio (the Village), for the years ended December 31, 2020 and 2019.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 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, 2020 and 2019.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 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 § 145.01 requires a public employee is any person holding an office, not elective, under the state or any county, township, municipal corporation, park district, conservancy district, sanitary district, health district, metropolitan housing authority, state retirement board, Ohio history connection, public library, county law library, union cemetery, joint hospital, institutional commissary, state university, or board, bureau, commission, council, committee, authority, or administrative body as the same are, or have been, created by action of the general assembly or by the legislative authority of any of the units of local government named in division (A)(1) of this section, or employed and paid in whole or in part by the state or any of the authorities named in division (A)(1) of this section in any capacity not covered by § 742.01, 3307.01, 3309.01, or 5505.01 of the Revised Code. Ohio Rev. Code § 145.03(A) states that membership in the public employees retirement system is compulsory upon being employed and shall continue as long as public employment continues. A notable exception for this compulsory membership would be Ohio Admin. Code § 145-1-26 (G)(9), which states that payments made as fees or commissions that are fixed charges or calculated as a percentage of an amount are not "earnable salary". Ohio PERS (OPERS) has determined that payments for meetings, such as those made to Village Council, should not be used for a basis of OPERS contributions.

During testing, we noted the Fiscal Officer is paid on a monthly salary basis and not a per-meeting fee. The Village should have been withholding retirement and remitting it to the Ohio Public Employees Retirement System (OPERS). For 2019, the Village failed to withhold and remit the mandatory 10% Member Contribution Rate. Additionally, the Village failed to remit the mandatory 14% Employer Contribution rate.

Failure to remit employee and employer share of OPERS in a timely fashion, as required, could subject the Village to significant interest and penalties.

Current Year Observations (Continued)

1. Ohio Rev. Code § 145.01 (Continued)

The Fiscal Officer should remit the proper employee and employer share of OPERS promptly to the Ohio Public Employees Retirement System each period, as required. In addition, the Village should consult with OPERS in order to address the amounts currently owed.

This matter will be referred to OPERS for whatever action deemed necessary. Our prior basic audit also reported this issue.

2. Ohio Rev. Code § 149.43(B)(2) states to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section. A public office also shall have available a copy of its current records retention schedule at a location readily available to the public. If a requester makes an ambiguous or overly broad request or has difficulty in making a request for copies or inspection of public records under this section such that the public office or the person responsible for the requested public record cannot reasonably identify what public records are being requested, the public office or the person responsible for the requested public record may deny the request but shall provide the requester with an opportunity to revise the request by informing the requester of the manner in which records are maintained by the public office and accessed in the ordinary course of the public office's or person's duties.

The Village follows the records retention schedule published by the Ohio Historical Society, however has not approved a formal records retention policy.

We recommend the Village adopt a formal records retention policy and ensure it is readily available to the public.

3. Ohio Rev. Code § 149.43(E)(2) 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.

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.

The Village has a public records policy, however has not posted the policy in a conspicuous place within the public office.

We recommend the Village ensure that the public records policy is publicly posted.

4. 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 Rev. Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General Fund had expenditures in excess of appropriations of \$33,239 as of December 31, 2020.

Current Year Observations (Continued)

4. Ohio Rev. Code § 5705.41(B) (Continued)

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 Fiscal Officer should ensure that appropriation measures are approved prior to entering in the Uniform Accounting Network system.

5. Ohio Rev. Code § 5747.06 requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

The Fiscal Officer appears to have withheld the required state payroll taxes for 2020; however, there was no evidence they paid the taxes in 2020 or in 2021 nor submitted the required annual reports as required by the State of Ohio. Failure to file and pay the required tax could result in penalties and interest levied against the Village.

The Fiscal Officer should file the required reports when completing the last payroll of the year to avoid interest and penalties.

6. 26 U.S.C. § 3102 requires every employer making payment of wages to deduct and withhold a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury.

During 2019, since the Council Members and Mayor do not qualify for any exceptions, they should have been paying into Social Security. Additionally, the Council Members, Mayor and Fiscal Officer should have been paying into Medicare. However, the Village failed to withhold and remit Social Security and Medicare from employees at a rate of 6.20% and 1.45% on earnings, respectively. The Village would be required to also remit a matching amount for each employee for Social Security and Medicare.

Additionally, during 2020, the Village properly withheld and remitted Social Security and Medicare; however, the withholdings were not remitted until March 20, 2021 for the entire year instead of remitting taxes each quarter by the 31st of the subsequent month.

Failure to remit federal taxes in a timely fashion, as required, could subject the Village to penalties and interest charges.

The Fiscal Officer should remit the proper federal taxes and Medicare promptly to the Internal Revenue Service each period, as required. In addition, the Village should consult with the Internal Revenue Service in order to address the amounts currently owed for 2019.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary. Our prior basic audit also reported this issue.

Current Year Observations (Continued)

7. The Village utilizes Regional Income Tax Agency (RITA) to handle the processing and collection of income tax receipts. As an administrative fee for handling this process, RITA withholds a retainer fee and distributes the net receipts to the Village. The gross receipts and the retainer fees and adjustments should be captured as receipts and expenditures on the ledgers and financial statements.

However, in 2020 and 2019, the Village had income tax retainer fees and adjustments of \$1,759 and \$1,871, respectively, that were not recorded on the financial statements since the income tax receipts were recorded at net instead of gross.

The Village should ensure gross receipts collected by RITA, as well as related fees and adjustments, are recorded on the financial statements.

Our prior basic audit also reported this issue.



Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CONESVILLE

COSHOCTON 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 5/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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