



Dave Yost • Auditor of State



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Village of Fultonham
Muskingum County
P.O. Box 285
Fultonham, Ohio 43738

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 Fultonham, Muskingum County, Ohio (the Village), for the years ended December 31, 2014 and 2013.

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, 2014 or 2013.

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.

Current Year Observations

1. Ohio Admin. Code § 117-2-02(C)(1) requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. We noted the Village did not accurately record estimated revenue approved by the Muskingum County Budget Commission to the accounting system. For 2014, the Village's Revenue Status Report reflected budgeted receipts of \$22,030 and \$0 for the General Fund and Street, Construction, Maintenance and Repair Fund, respectively; however, the *Amended Official Certificate of Estimated Resources* reflected estimated receipts of \$12,155 and \$3,500 for the General Fund and Street, Construction, Maintenance and Repair Fund, respectively. The Village should record all budgetary information to the accounting system. This will help improve the accuracy of information reported and will provide accurate budget versus actual comparisons which will allow management and the Council to make informed financial decisions.
2. Ohio Rev. Code § 117.38 requires entities filing on a cash-basis to file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Village's 2014 annual financial report was filed on April 11, 2014, which was not within 60 days of the fiscal year-end. The Village should timely file their annual financial report with the Auditor of State as required. If an annual report is not filed by the required date the Village may be ordered to pay a penalty of \$25 for each day the report remains unfiled.

Current Status of Matters we Reported in our Prior Engagement

3. The prior engagement for the years ended December 31, 2012 and 2011 noted that the Village did not properly certify the availability of funds prior to incurring purchase commitments in accordance with Ohio Rev. Code § 5705.41(D). We noted the Village had not corrected this matter during the current period. The Village Council should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred.

Current Status of Matters we Reported in our Prior Engagement (Continued)

4. The prior engagement for the years ended December 31, 2012 and 2011 reported an unexplained reconciling item of \$260 on the Village's bank reconciliation at December 31, 2012. Our review of the December 31, 2014 bank reconciliation noted an unexplained reconciling item of \$865. We noted the reconciling items were identified and an adjustment was made by the Fiscal Officer to correct the variance on November 8, 2015. Our review of the November 30, 2015 bank reconciliation noted no unexplained reconciling items.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Fiscal Officer should identify and correct unexplained reconciling items more timely to ensure transactions are posted accurately and in the proper accounting period.

Also, the Village's small size requires Village Council involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of timely reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

5. The prior engagement noted that tax settlements were posted at the net amount received, rather than the gross settlement amount. This results in receipts and disbursements being understated for the year. We noted the Village had not corrected this matter during the current period. The Fiscal Officer should record all tax settlements at the gross amount received. The corresponding fees charged to the Village should be recorded as memorandum disbursements.
6. The prior engagement noted that withholdings for State income taxes were not remitted to the Treasurer of State and that OPERS remittances were not made by the required due date. We noted that the Village had not fully corrected this matter during the current period. During 2014, the Village withheld State income taxes, in the amount of \$86, that were not remitted to the Treasurer of State as required by Ohio Rev. Code § 5747.07 and \$1,483 in Federal income tax withholdings that were not remitted to the Internal Revenue Service as required by 26 USC § 3102. The Village Fiscal Officer should ensure amounts withheld are remitted to the appropriate agencies. Also, Village Council should monitor the financial activity of the Village, including reviewing payments made by the Village, to ensure taxes withheld are remitted to the appropriate agencies each year as required.



Dave Yost
Auditor of State
Columbus, Ohio

December 10, 2015



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VILLAGE OF FULTONHAM

MUSKINGUM 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
DECEMBER 24, 2015**