



OHIO AUDITOR OF STATE
KEITH FABER



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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

BASIC AUDIT REPORT

Village of Hemlock
Perry County
8810 Main Street SE
Hemlock, Ohio 43730

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 Hemlock, Perry County, Ohio (the Village), for the years ended December 31, 2021 and 2020.

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, 2021 and 2020.

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 § 117.38** provides, in part, that entities on a cash basis must file their annual report with the Auditor of State within sixty days after the close of the fiscal year. The Village filed their annual reports on March 21, 2022 and April 11, 2022 for the years ended December 31, 2021 and 2020, respectively. The Village should ensure its annual report is filed with the Auditor of State within the required timeframe.
2. We noted the Village utilized a debit card during 2021 and 2020. **Ohio Rev. Code § 9.22** states that no political subdivision may hold or utilize a debit card account, except for law enforcement purposes. The use of the debit card is a high risk of fraud as they are directly connected to the Village's bank account. The Village should cancel all open debit cards and refrain from using these types of cards in the future in order to comply with Ohio Rev. Code § 9.22. This matter was also reported in the prior basic audit of the Village.
3. **Ohio Rev. Code § 121.22** authorizes a public body to enter into executive session at a regular or special meeting and requires the minutes to reflect the allowable purpose for entering executive session.

The minutes for the Village Council meeting held on August 28, 2021 failed to reflect the allowable purpose discussed in executive session as required.

Current Year Observations (Continued)

4. **Ohio Rev. Code § 145.47** requires each public employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. **Ohio Rev. Code § 145.48** states, in part, each employer shall pay to the public employees' retirement system an amount that shall have a certain percent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

We noted the Village appeared to be inconsistent in remitting the required withholdings to the Ohio Public Employees Retirement System (OPERS). Failure to properly withhold and remit required withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Village to penalties and interest charges.

This matter will be referred to OPERS.

5. The Village did not provide evidence of a public records policy as required by **Ohio Rev. Code § 149.43(E)(2)**. In addition, the Village did not have a records retention schedule and therefore could not make it readily available to the public as required by **Ohio Rev. Code § 149.43(B)(2)**. The Village should develop a public records policy and records retention schedule. The public records policy should be displayed in all public offices, included in a manual or handbook if the Village has one, and provided to the records custodian and have that employee acknowledge receipt of the public records policy. This matter was also reported in the prior basic audit of the Village.
6. **Ohio Rev. Code § 733.81(D)(4)** requires an elected or appointed Village Fiscal Officer to obtain two hours of ethics continuing education training. No evidence could be provided to determine the Fiscal Officer completed the required training.
7. At December 31, 2021, the Coronavirus Relief Fund had a negative fund cash balance of \$1,984, contrary to **Ohio Rev. Code § 5705.10**. The Village should monitor fund cash balances to ensure that expenditures are limited to the available cash balance on hand. This noncompliance was also reported in the prior basic audit report of the Village.
8. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. During 2020, the Village received Coronavirus Relief Funds and improperly recorded the receipt in the General Fund rather than a separate Special Revenue Fund. The Village posted a fund balance adjustment on October 11, 2022 to correct this error.
9. **Ohio Rev. Code § 5705.38(A)** provides, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. **Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under **Ohio Rev. Code § 5705.281** from each fund created by or on behalf of the taxing authority. **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 Revised Code.

Village Officials were unable to provide evidence that an appropriation measure was passed or a Certificate of Estimated Resources was obtained for 2021.

Current Year Observations (Continued)

10. **26 U.S.C. § 3102** states that Medicare taxes should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

The Village incorrectly remitted Medicare taxes withheld for the fourth quarter of 2021 to the State of Ohio rather than the Internal Revenue Service.

This matter will be referred to the Internal Revenue Service.



Keith Faber
Auditor of State
Columbus, Ohio

October 13, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HEMLOCK

PERRY 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 10/25/2022

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
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