



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## BASIC AUDIT REPORT

Village of Wilkesville  
Vinton County  
P.O. Box 67  
Wilkesville, Ohio 45695

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 Wilkesville, Vinton County, (the Village) for the years ended December 31, 2023 and 2022.

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, 2023 and 2022.

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 § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

The Village receives monthly revenue from the County Auditor and State. Per review of the cash journal for 2022 and 2023, we noted receipts were not deposited monthly. We confirmed money paid from the County Auditor and noted several checks written to the Village were voided and reissued in February through April 2024 totaling \$4,124.07 for 2023 and \$3,103.42 for 2022. Delays of this nature resulting from deficiencies in internal control procedures resulted in lost or stale dated checks that were voided and reissued by the County Auditor's office.

The Village should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

**Current Year Observations (Continued)**

2. Ohio Rev. Code § 117.38 states, in part, that each public office, other than a state agency, 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. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

The Village's December 31, 2023 and 2022 annual financial reports due by February 29, 2024 and March 1, 2023, respectively were not filed with the Auditor of State until May 1, 2024.

The Village should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Village is unable to meet the deadline, the Village should file an extension request through the Auditor of State. Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Village.

3. Ohio Rev. Code § 121.22(C) requires that the minutes of a regular or special meeting shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section.

Ohio Rev. Code § 121.22(G) states to hold an executive session requires a majority of a quorum by roll call vote at a regular or special meeting for the sole purpose of the consideration of any of the following matters:

1. Specified employment matter (to consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation) of a public employee/official or investigation of charges or complaints against a public employee, official, licensee, or regulated individual;
2. Purchase of property for public purpose or sale/disposition of property;
3. Conferences with an attorney for the public body concerning disputes that are the subject of pending or imminent court action;
4. Preparing for, conducting, or reviewing negotiations or bargaining sessions;
5. Matters required to be kept confidential by federal law or regulations or state statutes;
6. Specialized details of security arrangements and emergency response protocols;
7. Consideration of trade secrets for hospitals;
8. Confidential information related to marketing plans, business strategy, trade secrets, or personal financial statements of an applicant for economic development assistance, or to negotiations with other political subdivisions respecting (provided certain conditions apply).

The motion and vote to hold that executive session shall state which one or more of the approved matters listed in division (G)(2)-(8) of this section are the purposes for which the executive session is to be held. For division (G)(1), the same is required but the motion and vote need not include the name of any person to be considered at the meeting. Further, Village Council should only enter executive session during the regular or special meeting. Village Council must come out of executive session to make a motion and vote.

### Current Year Observations (Continued)

Throughout the 2022 minute record it was noted that executive sessions were held prior to the start of the regular meetings. In the regular meeting, the minutes reflected the action taken in the executive session but no formal vote or motion to approve the action was noted in the regular meeting. Lastly, not all meeting minutes were signed as approved by Council President and Mayor for meetings held in 2022.

The Village should establish and implement procedures to verify executive sessions are only held during regular or special meetings, the minute record documents the purpose and adjournment of executive sessions, and actions taken during executive sessions are formally approved in the open session. These procedures will help assure the proper policies are being followed and executive sessions are only used for allowable matters. Further, the Village Mayor and Council President should sign meeting minutes validating the information is accurate.

4. Ohio Rev Code § 145.03(A) provides, in part, that except as provided in division (B) of this section, membership in the system is compulsory upon being employed and shall continue as long as public employment continues.

The Village Mayor was not enrolled in the Ohio Public Employee's Retirement System (OPERS) but instead contributed to Social Security. If there is a period during which contributions are not withheld and sent to OPERS, and membership is then determined to be required, the employer is liable for both the employee and employer contributions, plus interest if the unreported service also occurred in a previous calendar year.

The Village should require officials to enroll in OPERS and commence the required contributions. Management should also contact OPERS to obtain guidance on handling the required contributions due subsequent to the enrollment date.

This matter will be referred to Ohio Public Employees Retirement System.

5. Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Cemetery Fund had a deficit fund balance of \$16,782 and \$7,849 at December 31, 2023 and 2022, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances

6. Ohio Rev. Code § 5705.36(A) requires on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. The Village did not complete this certification for 2022 through 2024 as of June 19, 2024. As a result the County Auditor was unable to prepare a certificate of estimated resources for the Village.

### Current Year Observations (Continued)

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. Appropriations were not approved for 2022 or 2023 not on file with the County Auditor's Office. The failure to adopt annual appropriations resulted in all disbursements exceeding appropriations which violates Ohio Rev. Code § 5705.41(B).

The failure to file the required budgetary documents with the county auditor prevents the Village from knowing if planned spending is within available resources (beginning unencumbered fund balance plus estimated receipts) which may result in deficit spending.

The Village should review the Ohio Compliance Supplement and then develop a checklist of the required budgetary documents and filing dates. The approved estimated receipts and appropriations should be integrated into the accounting system to allow for the monitoring of estimated versus actual receipts and disbursements.

7. Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

The Fiscal Officer withheld state taxes during 2022 in the amount of \$32.86 and 2023 in the amount of \$52.94; however, there was no evidence these taxes were paid in 2022 and 2023 in accordance with the applicable schedule prescribed by Ohio Rev. Code § 5747.07 nor were the annual reports submitted to the tax commissioner and/or relevant employee(s) by January 31, 2023 and 2024.

In addition, the Village failed to file the employer's annual reconciliation of income tax withheld, IT 941 for 2021 due March 2, 2022 until July 18, 2024. The Village incurred and paid an assessment including estimated tax, interest, and late file penalty of \$2,836.97 on December 27, 2022.

Failure to file, pay, and/or report the withholdings resulted in liabilities, penalties, and interest levied against the Village

The Fiscal Officer should remit payment in accordance with applicable laws and file the required reports when completing the last payroll of the year to avoid interest and penalties. The Village should also continue the process of seeking reimbursement for the estimated tax, penalties and interest paid for the 2021 tax year.

This matter will be referred to the Ohio Department of Taxation.

8. Ohio Admin. Code § 117-2-02 (D) states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: the amount, date, receipt number, check or electronic fund transfer number, account code, purchase order number, and all other information necessary to properly classify the transaction.

**Current Year Observations (Continued)**

(2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

(3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

The Fiscal Officer did not prepare a cash journal of all activity in 2022 and 2023 until April 24, 2024 with the assistance from the County Auditor. Further, the Fiscal Officer did not prepare a cash journal of all activity for 2024 until June 11, 2024.

Lastly, the Fiscal Officer did not maintain a receipt ledger, appropriation ledger, or payroll ledger for 2023 or 2022. Failure to prepare and maintain the required accounting system prevents the Fiscal Officer and Village Council from having the knowledge of activity and balances of the Village, increases the risk of errors and/or irregularities that may not be detected in a timely manner, and may result in the material misstatement of the annual financial statements.

The Fiscal Officer should accurately and timely complete the cash journal each month as deposits are made and checks are written. The cash journal along with the monthly bank reconciliation should be provided and reviewed by Village Council each month. The review of these items should be included in the minute record. Further, the Fiscal Officer should review the required accounting records and begin to utilize them.

9. Internal Revenue Code (IRC) §§ 3401, 3402, 3403, 3404, and 3401(a) require the employing government to withhold federal, state, and local income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

The Village withheld Medicare from two officials each month for 2022 and 2023. However, no payments were made from the Village to the Internal Revenue Service for withholdings for 2022 and 2023 as of May 31, 2024. Failure to remit taxes and Medicare withheld could result in penalties and interest owed by the Village.

The Village should properly remit withhold the necessary amounts as determined by the Internal Revenue Code and file the proper required reports.

This matter will be referred to the Internal Revenue Service.

10. Property tax receipts were incorrectly posted to the cash journal at net rather than at the gross amount with memo disbursements recorded for the related deductions.

Failure to report these receipts at the gross amount, along with the related fees, could lead to understated receipts and disbursements.

The Village Fiscal Officer should record property tax receipts at the gross amount with memo disbursements to arrive at the net check amount.

### Current Status of Matters Reported in our Prior Engagement

11. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

100% of the Village's elected officials with terms ending in 2023, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

12. Ohio Rev. Code § 149.43(B)(2) states in part, that a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

The Village did not have a records retention schedule.

The Village should create a records retention schedule and have it available at a location readily available to the public.

13. Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours.

However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further 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.

The Village has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.



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

The Village shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, 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.

Pursuant to Ohio Rev. Code § 109.43(E)(2), the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

14. Ohio Rev. Code § 733.81 states a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term. (Ohio Rev. Code §507.12(B) and (C)) Consider the following training guidelines:

- Training obtained under Ohio Rev. Code §§ 117.44, 109.43 or 135.22 can be applied to the required hours.
- For fiscal officers who are appointed to fill a vacancy, these requirements shall be required proportionate to the time remaining in the vacated office.
- Two hours of ethics instruction shall be included in the continuing education requirements for each term.
- CPAs serving as a fiscal officer may apply hours of continuing education completed under Ohio Rev. Code § 4701.11.
- Fiscal officers who teach approved continuing education course(s) may apply that credit in the same manner as if they had attended the course.

Further, Fiscal officers are required to self-report their hours, otherwise they will not receive credit for the training.

The Village's appointed fiscal officer did not obtain the required six hours of training in his first year of office nor has the Fiscal Officer created an account to self-report hours on the portal.

The Fiscal Officer should complete the required training each term of office and self-report the hours on the Auditor of State's on-line training database.

15. Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

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

Monthly bank to book reconciliations were not prepared or reviewed from January 2022 through May 2024. Discrepancies between book and bank balances as of May 31, 2024, December 31, 2023, and December 31, 2022 were (\$912), (\$1,137), and (\$799), respectively. Of these amounts, \$268.50 check from June 9, 2022 cleared the Village's bank account that was not the Village's and has not been reimbursed by the bank as of June 20, 2024.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increase the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Village posted the adjustments to reconcile the book to the bank as of May 31, 2024.

The Fiscal Officer should prepare bank to book reconciliations monthly and provide for Village Council review/approval at each monthly meeting. Any discrepancies identified on the bank reconciliation should be reviewed by Village Council and questions should be made and/or review supporting documentation for any discrepancies. The Village should also continue to seek reimbursement from the bank for the check there cleared the Village's account in error.

16. Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§ 149.38 through 149.42.

The Village did not maintain underlying documentation and support for the following transactions:

2023:

- Check 6696 dated January 11, 2023 issued to AEP in the amount of \$179.72.
- Check 6700 dated February 8, 2023 issued to AEP in the amount of \$176.05.
- Check 6721 dated June 14, 2023 in the amount of \$472.01 issued to EMA.
- Check 6735 dated November 8, 2023 in the amount of \$245 issued to Ohio Municipal League.
- On July 3, 2023, Fiscal Officer withdrew \$560 cash from the bank for the Village's 4th of July celebration/prizes from donations; however, no support was on file to show what prizes were purchased and who received said prizes.

2022:

- Check 6605 dated January 12, 2022 was issued to former Fiscal Officer in the amount of \$100 which included a letter stated reimbursement for supplies; however, no individual receipts showing purchases were on file.
- Check 6615 dated March 9, 2022 was issued to AEP for \$147.82 with no support attached.
- Check 6664 dated September 14, 2022 for \$472.01 was issued to EMA with no support attached.
- Checks 6665 and 6666 dated September 14, 2022 for \$550 and \$1,575, respectively, were issued to A&D Excavating with no support attached.
- Check 6676 dated November 9, 2022 was issued to AEP for \$174.31 with no support attached.

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

- Check 6684 dated December 14, 2022 issued to Ohio Treasurer in the amount of \$2,836.97 with no support attached but was later determined to be estimated taxes and filing penalties and late fees for not filing the 2021 941 reconciliation timely. The Village is in the process of filing for a refund on this amount.
- On July 1, 2022, Fiscal Officer withdrew \$600 cash from the bank for the Village's 4th of July celebration/prizes from donations; however, no support was on file to show what prizes were purchased and who received said prizes.

The Village did not timely pay the following transactions:

- Check 6697 dated February 1, 2023 was issued to Workers Compensation in the amount of \$141 which was an overdue balance. The bill included a \$7 late payment penalty for a total due of \$148 but only \$141 was paid.
- Check 6703 dated March 8, 2023 in the amount \$651 to Westfield Insurance was due February 13, 2023 that resulted in a \$30 late fee payment made on check 6708 dated April 12, 2023.

In addition, only a portion of the AEP electric bills were maintained but the Village was not paying the total due per the invoice but rather writing on the bill how much would be paid. We were unable to determine if the Village is not paying the total due, if previous months payments are not being made in a timely manner, or if the Village participates in a budget plan.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices for all financial transactions and records be maintained in an orderly manner to support all transactions. Further, payments should be made prior to the due date to avoid late fees and interest being paid by the Village. Any late fees/interest paid are not proper public purpose and could result in a finding for recovery being issued.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 23, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WILKESVILLE**

**VINTON 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 9/5/2024**

65 East State Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)