



Dave Yost • Auditor of State





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Village of Bergholz  
Jefferson County  
P.O. Box 242  
256-1 Second Street  
Bergholz, Ohio 43908-0242

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Bergholz, Jefferson County, (the "Village") for the years ended December 31, 2016 and 2015.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 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, 2016 and 2015.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

## Current Year Observations

1. We noted that General Fund appropriations of \$65,300 exceeded estimated resources by \$3,398 for the year ended December 31, 2016. **Ohio Rev. Code § 5705.39** limits appropriations to estimated resources. Because appropriations authorize spending, appropriating more than estimated resources potentially authorizes deficit spending. The Village of Bergholz should reduce appropriations to the amount of estimated resources.
2. We reviewed the 2016 and 2015 filed reports and determined they properly included financial statements; however, the notes to the basic financial statements were not included. **Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. Auditor of State Bulletin 2015-007 states that beginning with 2015 financial report filings, all entities required to file with the AOS must file electronically via the Hinkle Annual Financial Data Reporting System (Hinkle System) unless a waiver has been approved by the AOS for the applicable filing year. In order for a filing to be complete, it must include Statement(s) (or Combined Statement(s)) of Receipts, Disbursements and Changes in Fund Balances – Governmental, Proprietary and Fiduciary, as applicable, and Notes to the Basic Financial Statements. Pursuant to Ohio Revised Code Section 117.38 and Audit of State Bulletin 2015-007, the Village can be fined \$25/day (up to a maximum of \$750). The Village of Bergholz should include the Notes to the Basic Financial Statements with the annual filing to assure the annual financial reporting requirement has been satisfied.

3. We reviewed withholdings for the period ending December 31, 2016 and determined the Village is only withholding federal income tax for the police department employee and failed to withhold for the remaining nine employees. In addition, the Village did not pay 2016 federal withholdings until March 20, 2017 and 2015 withholdings were not paid until October of 2016. Finally, State Income tax and OPERS withholdings due in January of 2017 were not paid until March and February of 2017, respectively. **26 USC Sections 3102 and 3402** require the employing government to withhold federal and employment related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes. In addition, The Village has not implemented policies over withholdings to assure they are paid in a timely manner. Failure to remit withholdings in a timely manner could result in late fee assessments and possible findings for recovery. A referral will be made to the Internal Revenue Service for failure to withhold from all village employees. The Village of Bergholz should implement procedures in which the Fiscal Officer remits withholdings in a timely manner and can accurately track when all remittances are due and paid. This may help strengthen controls over the village payroll cycle and reduce the risk of unnecessary penalties and interest, as well as duplicate payments.

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

Our prior agreed-upon procedures engagement for the years ended December 31, 2014 and 2013 included an exception for failure to pay remittances in a timely manner. We reviewed remittances withheld during 2016 and 2015 and determined the Village was not paying remittances timely during 2016 and 2015 as documented above. The Village of Bergholz should remit withholdings in a timely manner.



**Dave Yost**  
Auditor of State

April 10, 2017



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VILLAGE OF BERGHOLZ

JEFFERSON 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  
MAY 4, 2017