



Dave Yost • Auditor of State



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October 15, 2018

Village of Empire
Jefferson County
Empire, Ohio 43926-0307

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 Empire, Jefferson County, (the Village) for the years ended December 31, 2017 and 2016.

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, 2017 and 2016.

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.

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 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.

The Village prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles, however, the filing was incomplete since the Notes to the Basic Financial Statements were not included. The Village subsequently re-filed the 2017 and 2016 annual reports to include the Notes to the Basic Financial Statements. Pursuant to Ohio Revised Code Section 117.38 and Auditor of State Bulletin 2015-007, the Village can be fined \$25/day (up to \$750 maximum). When the Village files the annual report through the Hinkle system, they should also include the Notes to the Basic Financial Statements. This may help ensure the annual financial reporting requirement has been satisfied.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2017.

We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2018	March 16, 2018	\$917	\$917
State income taxes	January 15, 2018	June 6, 2018	67	67
Local income tax	January 31, 2018	Not yet paid	84	0
OPERS retirement	January 30, 2018	February 5, 2018	112	112

As shown above, as of the date of this report, the Village has not paid Regional Income Tax Agency (RITA) the amount due as required by Section 6 of the Village of Empire Income Tax Ordinance by January 31, 2018.

In addition, the Village was assessed \$146 in late fees for not timely remitting federal income tax payments and subsequently paid the fees in 2017. Finally, the Village failed to file an annual state income tax statement and was subsequently assessed \$146 in penalties and interest.

The Village should implement procedures in which the Fiscal Officer remits withholdings to the Ohio Public Employees Retirement System, State Treasurer of Ohio, Regional Income Tax Agency and the Internal Revenue Service in a timely manner and can accurately track when all remittances are due and paid. This may help strengthen control over the village payroll cycle and reduce the risk of unnecessary penalties and interest, as well as duplicate payments.

This matter will be referred to the IRS, Ohio Department of Taxation, RITA, and OPERS.

Current Status of Matters Reported in our Prior Engagement

3. Financial institutions the Village conducts business with should have the most current authorized signatories on file. When there is a change in authorized signatories, the Village is required to communicate this change to the financial institution so the records can be appropriately updated.

The former Fiscal Officer's name is on the Village's checking account bank statements. Failure to remove the former Fiscal Officer's name from the bank statements could result in a misuse of public monies and increases the risk of theft.

Village Council should immediately remove the former Fiscal Officer's name from all Village bank accounts and ensure updated signatories are on file with the Village's financial institutions.

4. On or about the first of the month, the Mayor's Court Clerk distributes all fines, forfeitures, and costs collected and due to the Village by form of check to the Village. The Village Fiscal Officer will deposit this check and record the Village's portion to the Mayor's Court Agency Fund. The Village does not have a policy in place to record all mayor's court collections and distributions into the proper funds.

The Fiscal Officer recorded the 2017 mayor's court collections in the General Fund as opposed to the Mayor's Court Agency Fund and in 2016 recorded the Village's share of the monthly mayor's court collections in the mayor's court agency fund instead of the General Fund. As a result, the Village is charging costs associated with the operation of the mayor's court improperly.

The Village should implement procedures to help ensure monies collected by the Mayor's court are properly recorded in the accounting system.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 15, 2018

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VILLAGE OF EMPIRE

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
NOVEMBER 8, 2018