



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Empire
Jefferson County
PO Box 307
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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, 2019 and 2018.

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, 2019 and 2018.

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. We examined the bank reconciliation prepared as of December 31, 2019. It included an unexplained reconciling item of \$76 and a Deposit in Transit amount of \$7,397 that had been carried for several months. The Fiscal Officer explained the \$76 variance as two payments that had not been posted in the Uniform Accounting Network (UAN) system. In addition, the Fiscal officer explained the Deposit in Transit amount was due to recording a receipt twice in the UAN system. There was also no documentation of the Council review of the bank statements. Finally, the outstanding checklist included stale dated checks totaling \$3,680.

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 post the payments not already recorded in the UAN system and remove the additional receipt recorded in error.

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

2. We noted the Ohio Public Employees Retirement System (OPERS) and State income tax withholdings were not remitted timely at December 31, 2019 which resulted in the Village being charged a late fee of \$10. The Fiscal Officer should remit all withholdings in a timely manner.

3. For the periods ending December 31, 2019 and 2018 the Village did not post receipts in a timely manner resulting in receipts not being posted in the proper year. The Fiscal Officer should record receipts timely to help ensure amounts are posted in the proper period.
4. We inquired regarding the Village's requirement to comply with Ohio Sunshine Laws. We noted the Village has not adopted a public records policy, records retention schedule, nor have Village officials attended the required public records training. The Village should adopt a public records policy, records retention schedule and attend the required public records training once during their term of office.
5. We reviewed the Fiscal Integrity Act Portal and noted the Fiscal Officer has not updated the database information since her term ending March 31, 2016. In addition, the Fiscal Officer could not provide information where she met the training requirements during her current term. The Fiscal Officer should update the Fiscal Integrity Act Portal with her current term hours obtained and indicate any trainings she has attended.
6. We reviewed credit card requirements for the periods ending December 31, 2019 and 2018. We noted the Village has not adopted a credit card policy and payments were not supported with invoices or receipts. Lastly, we noted one instance in 2019 where the Fiscal Officer did not pay the full balance of the credit card statement and the statement was not paid timely resulting in the Village paying interest and late fees in the amount of \$26. The Council should adopt a credit card policy and the Fiscal Officer should include support for all credit card payments, pay the balance in full each month, and pay the credit card bill by the due date.

Current Status of Matters Reported in our Prior Engagement

7. In addition to the late retirement and tax remittances reported in item 2 above our prior audit for the years ended December 31, 2017 and 2016 included a comment regarding the Village filing an incomplete financial report in the Hinkle System. For the periods ending December 31, 2019 and 2018 the Village filed a complete report in the Hinkle System by the required filing deadline.



Keith Faber
Auditor of State

Columbus, Ohio

May 11, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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
MAY 26, 2020**