



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Village of Roswell
Tuscarawas County
5198 Main Street NE
New Philadelphia, Ohio 44663

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 Roswell, Tuscarawas County, (the Village) for the years ended December 31, 2022 and 2021.

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, 2022 and 2021.

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 §§ 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.

None of the Village's elected officials with terms ending in 2021, during their term of office, attended 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. Our prior basic audit also reported this issue.

Current Year Observations (Continued)

- 2. Ohio Rev. Code § 149.43(B)(2)** states 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 provide a records retention schedule upon our request. This could result in public records being destroyed prior to an authorized time as well as records requests not being fulfilled in accordance with Ohio law.

The Village should generate and approve a record retention schedule to include provisions for the application or schedule for destruction of public records, including transmission to the Ohio Historical Society and approval by the Auditor of State's Office. This will help reduce the risk that the Village's records are mutilated or destroyed prior to an authorized time. Our prior basic audit also reported this issue.

- 3. Ohio Rev. Code § 149.43(E)(2)** 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.

The Village had not obtained written acknowledgement of the records custodian/manager. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village should have a written acknowledgement of receipt from the records custodian/manager. Our prior basic audit also reported this issue.

- 4. Village Ordinance No. 64** passed in 1980 by Village Council established a one percent income tax applicable to all businesses and residents residing within the Village limits. Taxes are to be remitted every quarter for businesses and yearly for residents.

In 2022 and 2021, there was no documentation to support that all individuals and businesses were mailed an income tax return and remitted their local income tax. Additionally, the Village has not established a formal quarterly income tax form for the businesses that would communicate when the taxes are owed. This could result in uncollected income tax that is owed to the Village.

The Village should ensure that adequate records are kept to show that all income tax forms are mailed to the appropriate individuals and businesses and that payment was received. If no form is returned, the Village should take appropriate measures in contacting the parties in order to collect payment. Our prior basic audit also reported this issue.

- 5. Village Ordinance No. 253** passed in 2019 by Village Council levied and assessed upon each property that will have any sewer connection with the sanitary sewer system of the Village a sewer connection pre-payment fee. The pre-payment fee is optional and set at \$15 per month for residential connections and \$20 for commercial connections.

The Village Fiscal Officer posts each receipt individually into the accounting system and then maintains a tracking spreadsheet for each property to track the amounts paid to date. In 2022 and 2021, the Village was inconsistent in tracking the total amount of receipts collected for each Village address on the tracking spreadsheet. This could result in difficulty determining the total amount paid by residents and over/underpayment of hookup fees at the time of connection to the system. Failure to properly track prepayments made by residents could also increase the risk of fraud or improper use of public funds.

The Village should ensure that adequate records are kept showing that all utility prepayments are credited to the appropriate individuals and businesses and that payment was received.

Current Year Observations (Continued)

6. The Village utilizes Uniform Accounting Network (UAN) software to record all receipts received by the Village. The system also shows when a receipt is posted to the system. The Village's receipts are comprised of state monies such as local government funds, county monies such as real estate tax, motor vehicle license tax, and funds from the county and municipal income tax are received via check.

Each month, a bank reconciliation is completed and given to Council for review. Council also receives a monthly fund status report.

During 2022 and 2021, we noted there were many receipts not posted to the general ledger in a timely manner as there was a substantial lag between the date when the receipt was received and the date the receipt was recorded:

- Of the 497 receipts recorded in 2021, 100 receipts totaling \$23,415 were not posted to UAN within 30 days resulting in a range of 30 to 75 lag days.
- Of the 412 receipts recorded in 2022, 183 receipts totaling \$33,391 were not posted to UAN within 30 days resulting in a range of 30 to 106 lag days.

Since revenue was not being posted timely, bank reconciliations were also not being completed in a timely manner as shown below:

- April 2021 bank reconciliation was not completed until July 2021.
- April and May bank reconciliations were not completed until July 2022.

The Village should implement procedures to ensure that receipts are deposited and posted to the general ledger in a timely manner. This will help reduce the risk of receipts being misplaced. This will also ensure that the monthly reports printed from the UAN system will reflect a current status of the Village's financial position. Additionally, monthly bank reconciliations should be properly completed in a timely manner in order to identify any unaccounted receipts or expenditures.

7. Maintaining organized documentation and support for financial transactions is essential in assuring the Village's 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 three reimbursements to Council Members or other individuals within the Village in fiscal year 2022 totaling \$253 that were noted in the ledger to be expenditures relating to Halloween party supplies, certified mailings, cleaning of the community center. Other transactions were also found to lack official supporting documentation and included handwritten notes, copies of text messages, etc.

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.

Current Status of Matters Reported in our Prior Engagement

8. **Ohio Rev. Code § 717.31** requires municipal corporations who hold credit card accounts to adopt written credit card policies that address specific internal control procedures.

The Village utilized a Staples and Lowe's card for purchases with that vendor. However, the Village failed to adopt a credit card policy.

The Village should review the requirements of Ohio Rev. Code § 717.31 for credit card policies and procedures, then develop and adopt a policy that meets the requirements identified within the Revised Code. By taking such steps, the Village will ensure compliance with the law and increase internal controls over credit card procedures.



Keith Faber
Auditor of State
Columbus, Ohio

July 3, 2024

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ROSWELL

TUSCARAWAS 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 7/16/2024

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This report is a matter of public record and is available online at
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