



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## BASIC AUDIT REPORT

Village of Ithaca  
Darke County  
611 Main Street  
Ithaca, Ohio 45304

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 Ithaca, Darke County, (the Village) for the years ended December 31, 2020 and 2019.

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, 2020 and 2019.

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. The Village did not file the 2020 annual financial report timely. Ohio Rev. Code §117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal yearend. Auditor of State Bulletin 2015-007 further states that the mandatory filing method is the Auditor of State's Hinkle System. The Village filed the 2020 annual financial report on March 7, 2021, which was not timely within 60 days after each fiscal year-end. The Village should file annual financial reports timely in the Hinkle system.
2. The Village elected Mayor and appointed Fiscal Officer roles were held by the same individual until a new Mayor was appointed in May 2020. Ohio Ethics Commission Advisory Opinion No. 99-002 states, the Ethics Commission has held that Ohio Rev. Code § 2921.42(A)(4) prohibits an elected officer of a political subdivision from simultaneously holding compensated employment with his own political subdivision because an employment relationship between a political subdivision and a public employee is a 'public contract' for purposes of Ohio Rev. Code § 2921.42. The Village should contact its legal counsel to determine the compatibility of the roles. Failure to do so could result in referrals to the Ohio Ethics Commission, Ohio Attorney General's Office, and/or the Darke County Prosecutor's office in future audits.
3. 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 failed to provide the following documentation:

- a. 2019 and 2020 Council Meeting Minutes
- b. 2019 and 2020 Public Notices for Public Meetings
- c. 2020 Purchase Order and Receipts Ledgers
- d. Final 2020 Medicare and Social Security Remittance Forms and Supporting Documentation (Bank Statement, Accounting System Report)

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 documentation for all financial transactions and records be maintained in an orderly manner to support all transactions.

4. **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. O.R.C. § 109.43(B). 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. O.R.C. § 109.43(B). Attendees who successfully complete the training will receive a certificate to serve as proof of training. O.R.C. § 109.43(B).

Two of the Council members with terms ending December 31, 2019, did not attend public records training as required by Ohio Rev. Code §§109.43(B) and 149.43(E)(1).

5. **Ohio Rev. Code § 149.43(E)(2)** states, in part, "[t]he public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy."

The Village did not have a public records policy as required by Ohio Rev. Code § 149.43(E)(2).

6. **Ohio Rev. Code § 149.43(B)(2)** requires "a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying[.]" "A public office also shall have available a copy of its current records retention schedule at a location readily available to the public." O.R.C. § 149.43(B)(2).

The Village did not have a records retention policy or schedule as required by Ohio Rev. Code § 149.43(B)(2).

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

7. Our prior audit for the years ended December 31, 2018 and 2017 included an exception that the 2018 and 2017 annual financial reports were not filed in a timely manner on the Hinkle System in accordance with the criteria above. The Village filed the 2017 and 2018 annual financial reports on June 25, 2019 and April 24, 2019, respectively, which were not timely within 60 days after each fiscal year-end. During our procedures we noted this issue was not corrected and was therefore included as a repeat exception applicable to 2020 above.

8. Our prior audit for the years ended December 31, 2018 and 2017 included an exception that the Village elected Mayor and appointed Fiscal Officer roles were held by the same individual. During our procedures, the Village elected Mayor and appointed Fiscal Officer roles were held by the same individual until a new Mayor was appointed in May 2020. Therefore, this issue was not corrected and was therefore included as a repeat exception above.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 15, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ITHACA**

**DARKE 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 9/28/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)