



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## BASIC AUDIT REPORT

Village of Fultonham  
Muskingum County  
24 E Main Street  
South Zanesville, Ohio 43701

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 Fultonham, Muskingum County, Ohio (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. Three Council members with terms ending December 31, 2021 did not obtain the required training.
2. **Ohio Rev. Code §117.38** provides that entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. We noted the December 31, 2022 financial statements were filed with the Auditor of State on May 16, 2023, after the deadline of March 1, 2023 and the December 31, 2021 financial statements were filed with the Auditor of State on March 17, 2023, after the deadline of March 1, 2022.

### Current Year Observations (Continued)

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. In addition, the public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices.

The Village was unable to provide written evidence the Public Records Policy was provided to the records custodian/manager. The Village did not create a poster that describes its Public Records Policy and did not display in a conspicuous place in all public locations.

4. **Ohio Rev. Code § 733.81** states that a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of, office with at least a total of eighteen continuing education hours during the fiscal officer's first term of office. A fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office. Additionally, at least two hours of ethics training shall be included in the continuing education hours. No evidence could be provided that the Fiscal Officer, in office during the audit period, had completed the required training.
5. **Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Clerk withheld state payroll taxes for both 2022 and 2021; however, there is no evidence she paid the taxes in 2022 and 2021 in accordance with the applicable schedule prescribed by Ohio Rev. Code § 5747.07 or submitted the annual reports to the tax commissioner.

This matter will be referred to the Ohio Department of Taxation.

6. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally, Auditor of State Bulletin 2021-004 provides accounting guidance regarding Local Fiscal Recovery Funds.

The Village incorrectly recorded \$13,856 of Local Fiscal Recovery monies in the Street Construction Maintenance and Repair Fund in 2022 and the General Fund in 2021. Given the source of the revenue, this should have been recorded in a separate fund titled Local Fiscal Recovery Fund. This error was corrected by the Village via a fund balance adjustment and establishment of the Local Fiscal Recovery Fund on October 20, 2023.

7. **Section 278, Public Law 97-248, H. R. 4961** states that Medicare should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

**26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

**26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter and shall not be liable to any person for the amount of any such payment.

### Current Year Observations (Continued)

The Village did not remit federal income and Medicare taxes withheld during the audit period for all employees.

This matter will be referred to the Internal Revenue Service.

8. We examined the bank reconciliation prepared as of December 31, 2022, and noted it was performed on May 15, 2023, greater than five months after fiscal year-end. There was also no evidence Village Council reviewed and approved the reconciliation.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Timely reconciliations are important to ensure there are no unidentified differences to be investigated. The Fiscal Officer should perform the monthly bank reconciliations within a timely manner.

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 2, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF FULTONHAM**

**MUSKINGUM 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 11/14/2023**

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