



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Village of Kettlersville
Shelby County
P.O. Box 144
Kettlersville, Ohio 45336

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 Kettlersville, Shelby 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 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, 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 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 § 5735.05(A)** states, in part, there is hereby levied a motor fuel excise tax on each motor fuel dealer, measured by gross gallons, upon the receipt of motor fuel within this state. **Ohio Rev. Code § 5735.05(D)** states the use of any revenue from the tax levied under this section shall be used for construction, maintenance, and repair of roads and bridges, the operational costs of applicable state agencies, or used to match other revenue for these purposes.

The Village Street Fund was primarily funded by the above motor fuel excise tax during 2021 and 2022. The Village charged the net salaries of officials (Council and Mayor) to the Street Fund during 2021 and 2022, however, these salaries were not related to the costs referenced above. Therefore, the expenses were not a proper public purpose for the Street Fund and an adjustment was necessary to the Village's fund balances in the total amount of \$7,464 (\$3,810 related to 2021 and \$3,654 related to 2022). The Village's accounting records have been adjusted by re-allocating the costs out of the Street Fund and into the General Fund to correct these errors.

Failure to record Village expenditures to the proper fund could lead to unreliable financial information, fund balance errors and adjustments, unknown financial difficulties, and misuse of public funds.

The Village should implement policies and procedures to ensure all expenditures are recorded in the proper funds.

Current Year Observations (Continued)

2. For the Village's last federal withholding remittance of 2022, the remittance was due to the Internal Revenue Service (IRS) on January 31, 2023; however, the payment was not made by the Village until February 7, 2023.

Failure to pay all employee withholdings and remittances in a timely manner could lead to late penalty fees and interest charges, which are not considered to be a proper use of public funds. This could also lead to findings for recovery.

The Village should implement procedures to verify that all withholdings, along with the Village share, are remitted to the IRS and other applicable entities prior to the required due date.

Current Status of Matters Reported in our Prior Engagement

3. **Ohio Rev. Code § 117.38** states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be filed with the Auditor of State within sixty days after the close of the fiscal year.

The Village did not file its annual financial report for 2021 or 2022 within sixty days after the close of the fiscal year. The 2021 annual financial report was due on March 1, 2022, but a complete report was filed on March 4, 2023. The 2022 annual financial report was due on March 1, 2023, but a complete report was filed on March 4, 2023.

The Village should implement policies and procedures to verify its annual financial report is filed on or before sixty days after the close of the fiscal year and that the filed report is complete (including notes to the financial statements) and accurate. Our prior basic audit for the years ended December 31, 2020 and 2019 identified that the Village did not file a complete annual financial report for 2019 in a timely manner.

4. **Ohio Rev. Code § 149.43(B)(2)** states, in part, that "a public office also shall have available a copy of its current records retention schedule at a location readily available to the public."

The Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public.

Failure to adopt a records retention schedule could lead to Village records being destroyed prior to what is allowable by law or against the Council's wishes. This could also result in the public not being aware of the records that the Village is required to maintain.

The Village should adopt a formal records retention schedule and make it available to the public. Our prior basic audit for the years ended December 31, 2020 and 2019 identified that the Village had not adopted a records retention schedule.

5. **Ohio Rev. Code § 733.81(D)(2)** states that 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. **Ohio Rev. Code § 733.81(D)(3)** states that the auditor of state shall adopt rules specifying the initial education programs and continuing education courses that are required for a fiscal officer who has been appointed to fill a vacancy. The requirements shall be proportionally equivalent, based on the time remaining in the vacated office, to the requirements for a newly elected fiscal officer. **Ohio Rev. Code § 733.81(D)(4)** states that at least two hours of ethics instruction shall be included in the continuing education hours required by divisions (D)(1) and (2) of this section.

Current Status of Matters Reported in our Prior Engagement (Continued)

The Village's mayor has served as interim fiscal officer since early 2021, but has not completed any continuing education or ethics training.

Failure to meet continuing education training requirements could lead to a lack of fiscal officer knowledge of key aspects of the fiscal officer position.

The Village should implement procedures to ensure that all continuing education training requirements are met by the fiscal officer. Our prior basic audit for the years ended December 31, 2020 and 2019 identified that the Village had not met the required fiscal officer continuing education requirements.



Keith Faber
Auditor of State
Columbus, Ohio

October 4, 2023

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF KETTLERSVILLE

SHELBY 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 10/17/2023

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