



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Lockington
Shelby County
647 Cross Trail
Piqua, Ohio 45356

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 Lockington, Shelby County, (the Village) for the years ended December 31, 2018 and 2017.

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, 2018 and 2017.

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. During our scan of the most recent month end (June 2019) bank reconciliation, we identified that the Village has not utilized the Uniform Accounting Network (UAN) for any 2019 transactions; however, the Village paid the quarterly fees to use the UAN system. Failure to use the UAN system could lead to accounting and financial reporting issues and/or possible findings for recovery for payment of a service that was not being used. The Village should utilize the UAN system to account for all financial transactions and the transactions should be processed by and entered into the UAN system in a timely manner.
2. The Village withheld from wages paid amounts for federal income taxes, medicare, social security, state and school district income taxes, and the Ohio Public Employees Retirement System (OPERS) during 2018. However, the Village did not remit to the Internal Revenue Service the amount withheld for federal income taxes, medicare, and social security for 2018. Also, the Village remitted only 1st and 2nd quarter 2018 state and school district income taxes that were withheld from wages to the Ohio Department of Taxation. Additionally, the Village remitted \$236 to OPERS during the month of December 2018; however, it could not be determined if the proper amount was paid because there was no support for the remittance. Failure to properly support and remit all withholdings and the employer amount in a timely manner could result in penalties and fines assessed to the Village. This could lead to findings for recovery in the future. The Village should remit all withholdings, including the employer amount, to the appropriate agency in a timely manner. Also, remittance forms should be prepared and maintained to support the amounts withheld and remitted. This matter has been referred to the IRS, Ohio Department of Taxation, and OPERS.

Current Year Observations (Continued)

3. **Ohio Rev. Code Section 117.38** states, in part, each public office shall file a financial report for each fiscal year within sixty days after the close of the fiscal year. The Village's 2018 annual report was due on March 1, 2019, but was not filed until June 21, 2019. Failure to file an annual report on the Hinkle System before the required date could potentially lead to a penalty assessed against the Village and/or the Village being declared unauditible. The Village should implement procedures to verify that its annual report is filed on the Hinkle System before the required date.



Keith Faber
Auditor of State
Columbus, Ohio

August 1, 2019

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VILLAGE OF LOCKINGTON

SHELBY 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
AUGUST 13, 2019**