



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

Village of Hemlock
Perry County
8810 Main Street SE
Hemlock, Ohio 43730

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 Hemlock, Perry County, Ohio (the Village) for the years ended December 31, 2019 and December 31, 2018.

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, 2019 and December 31, 2018.

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. We noted that General Fund appropriations of \$17,485 exceeded the estimated resources of \$15,575 for the year ended December 31, 2019. Ohio Rev. Code § 5705.39 limits appropriations to estimated resources. Because appropriations authorize spending, appropriating more than estimated resources potentially authorizes deficit spending. The Village should reduce appropriations to the amount of estimated resources.
2. At December 31, 2019, the General Fund had a negative fund cash balance of \$1,284 contrary to Ohio Rev. Code § 5705.10. The Village should monitor fund cash balances to ensure that expenditures are limited to the available cash balance on hand.
3. We noted the Village utilized a debit card during 2019 and 2018. Ohio Rev. Code § 9.22 states that no political subdivision may hold or utilize a debit card account, except for law enforcement purposes. The use of the debit card is a high risk of fraud as they are directly connected to the Village's bank account. The Village should cancel all open debit cards and refrain from using these types of cards in the future in order to comply with Ohio Rev. Code § 9.22.

Current Year Observations (Continued)

4. The Village did not provide evidence of a public records policy as required by Ohio Rev. Code § 149.43(E)(2). In addition, the Village did not have a records retention schedule and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). The Village should adopt a public records policy and records retention schedule, and make them readily available for public inspection. The schedule should include provisions for the retention and destruction of public records, including transmission to the Ohio Historical Society and approval by the Auditor of State's Office. We also recommend the written acknowledgement be obtained as evidence that these policies were provided to the records custodian.

Current Status of Matters Reported in our Prior Engagement

1. We noted no documentation on file stating that employees were notified of the Ohio fraud-reporting system or signed an acknowledgement as required by Ohio Rev. Code § 117.103. The Village should notify all employees of the fraud reporting system and maintain signed acknowledgement from each employee confirming they have been notified. In addition, the Village should develop a process of obtaining and maintaining confirmations from new employees as they are hired by the Village.



Keith Faber
Auditor of State
Columbus, Ohio

July 6, 2020

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF HEMLOCK

PERRY 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
JULY 21, 2020**