



OHIO AUDITOR OF STATE  
**KEITH FABER**







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## BASIC AUDIT REPORT

Village of Hollansburg  
Darke County  
P.O. Box 48  
Hollansburg, Ohio 45332

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 Hollansburg, Darke County, (the Village) for the years ended December 31, 2023 and 2022.

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, 2023 and 2022.

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. The prior Fiscal Officer did not obtain the required fiscal integrity continuing education training as required by Ohio Rev. Code § 733.81. Failure to obtain the required training could result in improper knowledge of fiscal officer requirements.
2. 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.

The Mayor with a term of office ending during the audit period did not attend a required Certified Training or have an appropriate designee attend a training as required by Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1), due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders. The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

3. The Village did not have a records retention schedule as required by Ohio Rev. Code § 149.43(B)(2). 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. Failure to have a records retention schedule could result in

violation of the Sunshine Laws. 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 should implement procedures to ensure that an appropriate records retention schedule is properly established and adopted/approved. Failure to do so could result in a violation of Sunshine laws.

4. The Village had not established a credit card policy to govern the use of its credit card. The Council should approve a credit card policy that is in compliance with the House Bill 312 statutory requirements. In addition to the House Bill, additional information can be found in Auditor of State Bulletin 2018-003 and Optional Procedures Manual Section O-7 of the Ohio Compliance Supplement which are available at <https://ohioauditor.gov>.
5. Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are not materially misstated and that all expenditures are made for a proper public purpose. The Village did not provide remittance forms and applicable supporting documentation for payroll withholdings paid for year-end December 31, 2023. The Village also did not provide the Village Council meeting minutes for the months of February 2022, March 2022, April 2022 and June 2022. Failure to maintain proper supporting documentation could result in possible future findings for recovery.
6. Ohio Rev. Code § 117.38 requires entities to file their financial information in the Auditor of State HINKLE system within 60 days after the close of the fiscal year. The Village did not file the 2023 and 2022 annual financial reports timely within 60 days after fiscal year end. The 2023 report was filed on November 19, 2024, with a due date of February 29, 2024, and the 2022 report was filed November 7, 2024, with a due date of March 1, 2023. Failure to file a complete annual financial report in a timely manner may result in the Village not being eligible for reduced audit procedures in the future, such as a basic audit or agreed upon procedures.
7. The Village's bank account reconciled to the accounting system at December 31, 2023. However, there was a \$17,820 variance between the ending fund cash balance in the accounting system and the ending fund cash balance in the annual financial report filed in the Hinkle system. The Village should review all information included in their annual financial reports prior to filing to verify the proper information is included in the report and agrees to the accounting system.
8. There was no evidence that the Village integrated budgetary estimated receipts or appropriations into the accounting system for 2022 or 2023. The Fiscal Officer should periodically compare amounts recorded in the accounting system to amounts on the Official Certificate of Estimated Resources or the Amended Official Certificate of Estimated Resources and annual appropriation measures to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and monitoring purposes.
9. Beginning in January of 2021 the Village stopped recording receipt numbers in the accounting system ledgers. The Village should issue pre-numbered duplicate receipts for all monies collected and those receipt numbers should be recorded in the accounting system ledgers. This increases accountability over the receipting process.
10. Ohio Rev. Code § 5705.10 provides, in part, (C) that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made and (D) 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.

During the audit period the Village received property tax settlements that should have been allocated to the General Fund, Fire Fund, and Police Fund. However, three of the property tax settlements were posted entirely to the General Fund. This resulted in the following fund balance adjustments, which were posted to the accounting system:

General Fund	(\$11,702.99)
Fire Fund	\$6,687.41
Police Fund	\$5,015.48

The failure to correctly post financial activity to the accounting system may impact the user's understanding of the financial operations, Council's ability to make sound financial decisions, and result in the material misstatement of the financial statements. Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The Village should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly.

The errors identified should be reviewed by the Council to help prevent similar errors in subsequent years. In addition to the monthly review of financial reports, the Council should consider a detailed review of the accounting records and the year-end financial statements to help identify and correct errors in a timely manner.

11. State ex rel. McClure v. Hagerman 155 Ohio St. 320 (1951) provides that expenditures made by a governmental entity should serve a public purpose. Typically the determination of "proper public purpose" rests with the governmental entity unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. Additionally, the bulletin states that the Auditor of State will only question expenditures where the legislative determination of proper public purpose is manifestly arbitrary and incorrect.

The Village paid penalty and interest charges totaling \$1,484.97 for late payroll withholding submissions pertaining to 2022 to the Ohio State Department of Taxation. Penalties and interest charges are unnecessary expenditures which do not serve a proper public purpose.

Failure to implement procedures to avoid penalties and interest charges for expenditures may lead to findings for recovery. The Village should implement procedures to verify these fees are not incurred and all Village funds are used for a proper public purpose.

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

1. Our prior basic audit report for the years ended December 31, 2021 and 2020 noted the Village fiscal officer did not complete the required fiscal integrity training as required by the Ohio Rev. Code § 733.81; the Village did not have a records retention schedule as required by Ohio Rev. Code § 149.43(B)(2); the Village had not established a credit card policy; the Village did not maintain supporting documentation; the Village did not file their financial information in the Hinkle System within 60 days after close of the fiscal year; the ending cash balance in the accounting system did not agree to the annual financial report; the Village did not issue pre-numbered duplicate receipts; and the Village did not integrate budgetary amounts into the accounting system. These issues will be repeated as current year observations above for the years ended December 31, 2023 and 2022.

2. Our prior basic audit report for the years ended December 31, 2021 and 2020 noted the Village did not have its public records policy on display and was unable to provide a current bank reconciliation. These issues will not be repeated above.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive style with a large, stylized "K" and "F".

Keith Faber  
Auditor of State  
Columbus, Ohio

April 14, 2025

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HOLLANSBURG**

**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 5/8/2025**

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