



Dave Yost • Auditor of State



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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jeff Fluharty, Mayor  
Village of Jerusalem  
PO Box 40  
Jerusalem, OH 43747

We conducted a special audit of the Village of Jerusalem (Village), Monroe County, by performing the procedures described in the attached Supplement to the Special Audit Report for the period January 1, 2009 through March 31, 2012 (the Period), solely to:

- Determine whether Michelle Kurtz, Village Clerk, was compensated in accordance with authorized amounts and whether other disbursements made to Ms. Kurtz were supported and made for a purpose related to the operations of the Village.
- Determine whether certain disbursements were supported and made for a purpose related to the operations of the Village.

This engagement was conducted in accordance with the Quality Standards for Inspection and Evaluation established by the Council of the Inspectors General on Integrity and Efficiency (January 2012). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined disbursements to Michelle Kurtz, including compensation paid.

Significant Results - During the Period, Ms. Kurtz received authorized compensation totaling \$4,806 after withholdings. Ms. Kurtz also received 14 checks totaling \$9,052 that were not authorized or supported by documentation. In March and April 2012, Ms. Kurtz made repayments totaling \$3,500 to the Village.

We issued a finding for recovery for public money illegally expended against Ms. Kurtz in the amount of \$5,552.

2. We examined disbursements to family members of Ms. Kurtz.

Significant results - During the Period, Michael Kurtz, Ms. Kurtz's husband, served as a Village council member and received authorized compensation totaling \$1,281 after withholdings. Tanner Kurtz, Ms. Kurtz's son, received a payment of \$160 for general weed maintenance services performed at the Village. Ms. Kurtz issued an additional ten checks totaling \$4,150 payable to Tanner Kurtz. The disbursements were not authorized or supported by documentation. Ms. Kurtz co-endorsed eight of the ten checks written to her son.

We issued a finding for recovery for public money illegally expended against Ms. Kurtz in the amount of \$4,150.

We did not hold a formal exit conference with the Village; however, we provided the special audit report to Mayor Fluharty and informed him that the Village had five business days to respond if so desired. The Village did not submit a response to the report.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

August 22, 2012

## Supplement to the Special Audit Report

### Background

Village mayor Jeff Fluharty contacted the Auditor of State's (AOS) Athens regional office regarding possible theft by clerk Michelle Kurtz. Mayor Fluharty's concerns included possible forged signatures on checks made payable to Ms. Kurtz and her son. Upon being shown ordinances and council minutes authorizing pay increases for Ms. Kurtz which were presented to AOS during a previous audit engagement, Mr. Fluharty indicated those ordinances and minutes also were forged.

Ms. Kurtz resigned from her position with the Village on March 31, 2012.

The information was considered by the Auditor of State's Special Audit Task Force and on April 9, 2012, the Auditor of State initiated a special audit of the Village of Jerusalem.

# Supplement to the Special Audit Report

## Objective No. 1 – Examination of Compensation and Other Disbursements to Village Clerk

### Procedures

We compared actual compensation paid to Village clerk Michelle Kurtz during the Period to authorized amounts.

We examined available documentation for non-payroll disbursements to Ms. Kurtz to determine whether the disbursements were supported and were for purposes related to the operations of the Village.

### Results

Ms. Kurtz served as Village clerk during the Period and was authorized to receive \$150 per monthly council meeting payable twice per year. Ms. Kurtz received six authorized payments during the Period totaling \$4,806 after tax withholdings.

During the course of the Village's 2009-2010 financial audit, Ms. Kurtz presented AOS auditors with council minutes and an ordinance that showed Ms. Kurtz had received an approved pay increase. Mayor Fluharty stated the documents were fraudulent and a pay increase had not been discussed or approved by council.

### Finding for Recovery

As Village clerk, Ms. Kurtz was responsible for preparing checks, including payroll disbursements. Ms. Kurtz was also responsible for maintaining support for disbursements. During the Period, 14 non-payroll checks totaling \$9,052 were written to Ms. Kurtz. Ms. Kurtz co-signed 13 of the 14 checks. Village mayor Jeff Fluharty stated the disbursements were not authorized or for the purposes of the Village. Village council president Robert Brown stated that he did not sign the checks written to Ms. Kurtz.

Prior to the Auditor of State initiating the special audit, Ms. Kurtz repaid \$500 to the Village. Shortly after the initiation of the special audit, Ms. Kurtz repaid an additional \$3,000 to the Village. Accordingly, we considered \$3,000 a finding for recovery repaid under audit.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$5,552 against Michelle Kurtz, and her bonding company, Cincinnati Insurance Company, jointly and severally, in favor of the Village of Jerusalem.



# Supplement to the Special Audit Report

## Objective No. 2 – Examination of Disbursements

### Procedures

We examined available documentation for disbursements to relatives of Ms. Kurtz to determine whether the disbursements were supported and were for purposes related to the operations of the Village.

We scanned disbursements made by the Village during the Period to identify any unusual disbursements or vendors that appeared to be uncommon for use by the Village.

### Results

Ms. Kurtz husband, Michael Kurtz, was a Village council member during the Period. Council members were authorized to receive \$40 per monthly council meeting payable twice per year. During the Period, Michael Kurtz received six payments totaling \$1,281 after tax withholdings.

Ms. Kurtz son, Tanner Kurtz, was paid \$160 by the Village on June 1, 2010, for general weed maintenance services. The payment was not supported by documentation. Mayor Fluharty stated that the payment was authorized.

Other than those described below, our scan of disbursements made during the Period did not identify any unusual expenditures that required additional examination or vendors that appeared to be uncommon for use by a Village in its normal course of business.

### Finding for Recovery

As Village clerk, Michelle Kurtz was responsible for preparing checks and maintaining support for disbursements. Ms. Kurtz wrote and co-signed ten checks to her son, Tanner Kurtz, totaling \$4,150. Village mayor Jeff Fluharty stated the disbursements were not authorized or for the purposes of the Village. Village council president Robert Brown stated that he did not sign the checks written to Tanner Kurtz. Ms. Kurtz co-endorsed eight of the ten checks written to her son.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$4,150 against Michelle Kurtz, and her bonding company, Cincinnati Insurance Company, jointly and severally, in favor of the Village of Jerusalem.

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# Dave Yost • Auditor of State

VILLAGE OF JERUSALEM

MONROE 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  
OCTOBER 23, 2012