

# Bastin & Company, LLC

*Certified Public Accountants*

## Management Letter

Village of Sardinia  
Brown County  
151 Maple Avenue  
Sardinia, Ohio 45171

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Sardinia, Brown County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 7, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

*Government Auditing Standards* also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, significant deficiencies and material weakness in internal control. We have issued the required report dated April 7, 2020, for the years ended December 31, 2019 and 2018.

We are submitting for your consideration the following observations on the Village's compliance with applicable laws and regulations and on its internal controls. This comment reflects a matter that, while in our opinion does not represent a material instance of noncompliance or significant deficiencies or material weakness, we believe represents a matter for which improvement in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. These comments reflect our continuing desire to assist your organization. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

### 1. Mayor's Court Activities

Testing applied to the Village's Mayor's Court disclosed the following control and compliance conditions:

- The Village's procedures in its Mayor' Court allow a single employee to control all aspects of the Court's activities. The Mayor's Court Clerk enters all data in the system, creates receipts, prepares deposit batch reports and deposit slips, and makes the bank deposits. There is no independent review of the Court's activities. Failure to maintain an independent reconciliation and approval procedure could allow errors or irregularities to go undetected.
- Ohio Revised Code Sections 733.40 establishes time requirements for the distribution of Mayor's Court funds to the Village's general operating fund to be done no later than the first Monday of the month following the last Mayor's Court session. Distributions were not made in a timely manner in 10 of the 24 months tested during 2019 and 2018.
- Bank reconciliations need to be improved. While there is an attempt to reconcile the bank balance, the reconciliation consists of an adding machine tape attached to the bank statement that shows amounts subtracted from the bank balance to get to a zero balance. Items appearing on the tape are not identified or explained as to what they represent.

- The Village's procedures in its Mayor' Court require follow-up when a defendant fails to appear for court, fails to pay, or does not follow a payment plan. Procedures include the issuance of a follow-up letter and subsequently the issuance of a warrant with a block on the defendant's ability to get their license or registration. In six of the 40 cases tested, follow-up procedures were not performed.

#### **Recommendation**

We recommend the Village review and modify the procedures of the Mayor's Court to strengthen controls and ensure compliance with the requirements of the Ohio Revised Code and internal policies and procedures.

### **2. Appropriations Exceeded Estimated Resources**

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. During 2018, the Fire Fund and Fire Capital Fund had appropriations that exceeded estimated resources by \$10,094 and \$6,514, respectively.

#### **Recommendation**

We recommend the Village adequately monitor its budgetary appropriations to ensure compliance with the Ohio Revised Code.

### **3. Documenting Approval of Utility Adjustments**

Village procedures over utility billing adjustments require that adjustments are to be reviewed and approved monthly by the Finance Committee on an individual adjustment basis. The Finance Committee is not currently indicating their approval of adjustments on supporting documents or noting such review and approval in their minutes.

#### **Recommendation**

We recommend the Finance Committee document their approval of all utility adjustments.

### **4. Documenting Designee for Records Training**

The requirements covering public records training are addressed in Ohio Revised Codes 149.43(E)(1) and 109.43(B). Elected officials are required to obtain 3 hours of training for every term of office. If an elected official so chooses, the law allows a designee to be appointed to receive the training on the elected official's behalf. The designee must be an employee in the public office and there must be evidence of the designation.

While the Fiscal Officer has obtained the required training and stated that she was the designee for all council members, there is no evidence of such designation being provided by elected officials.

#### **Recommendation**

We recommend that when elected officials designate an employee for completion of records training on their behalf, such designation be formally documented.

This report is intended solely for the information and use of management, Village Council and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

*Bastin & Company, LLC*

Cincinnati, Ohio  
April 7, 2020