





VILLAGE OF GAMBIER  
KNOX COUNTY

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88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215-3506  
(614) 466-3402 or (800) 443-9275  
CentralRegion@ohioauditor.gov

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Village of Gambier  
Knox County  
115 Meadow Lane  
P.O. Box 1984  
Gambier, Ohio 43022

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Village of Gambier (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### **Cash and Investments**

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Statement to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Statement to the December 31, 2017 balances in the Fund Statement. We noted that these balances did not agree. The variances are list as followed:

**Cash and Investments (continued)**

2. (Continued)

Fund	2017 Ending balance	2018 Beginning Balance	Variance
General Fund	\$566,970.58	\$578,618.21	\$11,647.63
Street Maintenance Fund	\$50,367.71	\$49,797.57	(\$570.14)
State Highway Maintenance Fund	\$2,515.62	\$2,487.14	(\$28.48)
Water Revenue Fund	\$370,473.14	\$365,437.57	(\$5,035.57)
Sewer Revenue Fund	\$459,301.17	\$454,102.05	(\$5,199.12)
Storm Water Fund	\$71,938.82	\$71,124.50	(\$814.32)

These variances were due to the re-allocation of interest related to 2017 that was completed after year end. These variances have been corrected in the Village accounting system.

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Statement. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the Village's financial institutions and we also confirmed balances with the Ohio Pooled Collateral System. We noted no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
6. We traced interbank account transfers occurring in December of 2018 to the accounting records and bank statements to determine if they were properly recorded. There were no interbank account transfers that occurred in December of 2017. We found no exceptions.
7. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

### **Intergovernmental Cash Receipts**

1. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Disbursement Ledgers from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Detail. The amounts agreed.
  - b. We inspected the Revenue Detail to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Revenue Detail to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We selected a sample (agreed upon) of five income tax returns filed during 2018 and five from 2017.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the income tax detail register. The amounts agreed.
  - b. We compared the income tax detail register total from procedure a. to the amount recorded as income tax receipts in the Revenue Detail for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Revenue Detail to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We selected a sample (agreed upon) of five income tax refunds from 2018 and five from 2017.
  - a. We compared the refund paid from Expense Detail to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by Fiscal Officer on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund as is required.

### **Water, Sewer, and Storm Water Receipts**

1. We selected a sample (agreed upon) of 10 Water Revenue, Sewer Revenue, and Storm Water Fund collection cash receipts from the year ended December 31, 2018 and 10 Water Revenue, Sewer Revenue, and Storm Water Fund collection cash receipts from the year ended 2017 recorded in the Revenue Detail and determined whether the:
  - a. Receipt amount per the Revenue Detail agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Balance Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

**Water, Sewer, and Storm Water Receipts (continued)**

2. We observed the Customer Balance Report.
  - a. This report listed \$3,831.48 and \$217,878.43 of accounts receivable as of December 13, 2018 and December 11, 2017, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$0 were recorded as more than 90 days delinquent in 2017. The Aged Delinquent report for 2018 was not maintained by the Village. The Village should maintain all documentation with in the Village's retention schedule policy.
3. We observed the Cash Receipts Journal.
  - a. This report listed a total of \$10,685 and \$4,492 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017, AA was unable to observe documentation of the Village Administrator approving each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the Villages January 1, 2017 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
OPWC Loan #1	\$11,920
OPWC Loan #2	37,954
OPWC Loan #3	58,097

2. We inquired of management, and inspected the Revenue Detail and Expense Detail for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the Water fund payments reported in the Expense Detail. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Sewer Revenue fund per the Revenue Detail. The amount of the debt proceeds were not recorded on the Village' Revenue Detail Report. The Village received an on behalf of loan payment from the Ohio Public Works Commission for \$40,000.
5. For new debt issued during 2018, we inspected the debt legislation, which stated the Village must use the proceeds to use towards sewer expenses related to a waste water screen replacement. We inspected Expense Detail Report and noted the activity was not recorded on the Village records but the Village received an on behalf of loan payment from OPWC that was paid to Workman Industrial Services Inc for the waste water screen replacement.



### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Employee History Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee History Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2019	December 18, 2018	\$1,687.30	\$1,687.30
State income taxes	January 15, 2019	January 7, 2019	717.76	717.76
Village of Gambier income tax	January 31, 2019	January 7, 2019	565.97	565.97
OPERS retirement	January 30, 2019	January 7, 2019	8,424.25	8,424.25

3. We selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee History:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through b above. However the Village did not have a policy regarding the payout of vacation and comp time. The Village only maintains a policy for the payout of sick time upon retirement. The Board should approve a sick, vacation, and comp time payout policy for employees upon termination to ensure proper amounts are paid.

### Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Expense Detail for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Expense Detail and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Detail for the General, Street Maintenance and Water Revenue funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Water Revenue Funds. The Revenue Statement recorded budgeted (i.e. certified) resources for the General fund of \$1,491,654.90 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,492,762.29. Also the Revenue Statement recorded budgeted (i.e. certified) resources for the Water Revenue Fund of \$666,113.16 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$740,492.45. The fiscal officer should periodically compare amounts recorded in the Revenue Statement to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Maintenance, and Water Revenue funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Expense Detail for 2018 and 2017 for the following funds: General, Street Maintenance, and Water Revenue. The amounts on the appropriation ordinance agreed to the amounts recorded in the Expense Detail report, except for the General fund. In 2017 the Expense Statement recorded budgeted expenses for the General Fund of \$1,413,650. However, the annual appropriation ordinance reflected \$1,419,650. The Fiscal Officer should periodically compare amounts recorded in the Expense Statement to amounts recorded in the annual appropriation ordinance to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Maintenance and Water Revenue funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Street Maintenance and Water Revenue fund, as recorded in the Expense Detail. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Detail for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

#### **Compliance – Budgetary (continued)**

8. We inspected the Expense Detail for the Lepley Metcalf Fund. We noted that none of the corpus of this Endowment Fund were spent in 2018 or 2017. No exceptions were noted.
9. We inspected the 2018 and 2017 Revenue Detail and Expenditure Detail for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
10. We inquired of management and inspected the Fund Statement to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

#### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Expense Detail for the years ended December 31, 2018 and 2017 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

#### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Fiscal Officer obtained the required training.

**Other Compliance (continued)**

3. For all credit card accounts we obtained:
- copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
- a. We inspected the established policy obtained above and determined it is:
- i. in compliance with the HB 312 statutory requirements, and
  - ii. implemented by the entity.
- We found no exceptions.
- b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
- i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.
- We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 28, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GAMBIER**

**KNOX 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  
SEPTEMBER 19, 2019**