



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF GAMBIER
KNOX COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Village Council
Village of Gambier
115 Meadow Lane
Gambier, Ohio 43022

We have reviewed the *Independent Auditor's Report* of the Village of Gambier, Knox County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Gambier is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2017

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Village of Gambier
Knox County, Ohio
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Independent Auditor's Report

Village of Gambier
Knox County
115 Meadow Lane
Gambier, Ohio 43022

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balance, receipts, and disbursements by fund type and related notes of the Village of Gambier, Knox County, (the Village), as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Gambier, Knox County, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Columbus, Ohio
May 14, 2017

**VILLAGE OF GAMBIER
KNOX COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Municipal Income Tax	\$ 755,020	\$ -	\$ -	\$ 755,020
Intergovernmental	24,872	23,916	-	48,788
Charges for Services	5,023	-	-	5,023
Fines, Licenses, and Permits	37,937	-	-	37,937
Earnings on Investments	13,689	446	-	14,135
Miscellaneous	24,530	-	-	24,530
	<u>861,071</u>	<u>24,362</u>	<u>-</u>	<u>885,433</u>
Total Cash Receipts				
Current:				
Security of Persons and Property	168,022	-	-	168,022
Public Health Services	2,916	-	-	2,916
Leisure Time Activities	7,092	-	-	7,092
Community Environment	2,867	-	-	2,867
Basic Utilities Services	41,235	-	-	41,235
Transportation	9,167	10,638	-	19,805
General Government	432,433	-	-	432,433
Capital Outlay	147,761	-	-	147,761
	<u>811,492</u>	<u>10,638</u>	<u>-</u>	<u>822,131</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	49,579	13,724	-	63,303
Other Financing Receipts (Disbursements):				
Other Financing Sources	11,205	-	-	11,205
	<u>11,205</u>	<u>-</u>	<u>-</u>	<u>11,205</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	60,784	13,724	-	74,508
Fund Cash Balances, January 1	539,366	33,360	362	573,088
	<u>539,366</u>	<u>33,360</u>	<u>362</u>	<u>573,088</u>
Fund Cash Balances, December 31				
Restricted	-	47,084	362	47,084
Unassigned	600,149	-	-	600,149
	<u>600,149</u>	<u>-</u>	<u>-</u>	<u>600,149</u>
Fund Cash Balances, December 31	<u>\$ 600,149</u>	<u>\$ 47,084</u>	<u>\$ 362</u>	<u>\$ 647,595</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GAMBIER
KNOX COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 699,135
Total Operating Cash Receipts	699,135
Operating Cash Disbursements:	
Personal Services	168,155
Contractual Services	212,183
Supplies and Materials	39,425
Other	
Capital Outlay	148,307
Total Operating Cash Disbursements	568,069
Operating Income (Loss)	131,065
Non-Operating Receipts (Disbursements)	
Earnings on Investments	5,019
Redemption of Principal	(32,021)
Interest and Fiscal Charges	(400)
Total Non-Operating Receipts (Disbursements)	(27,402)
Net Change in Fund Cash Balances	103,664
Fund Cash Balances, January 1	570,754
Fund Cash Balances, December 31	
Unassigned	674,417
Fund Cash Balances, December 31	\$ 674,417

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Municipal Income Tax	686,431	-	-	686,431
Intergovernmental	26,908	23,812	-	50,720
Charges for Services	8,253	-	-	8,253
Fines, Licenses, and Permits	12,982	-	-	12,982
Earnings on Investments	12,618	8,373	-	20,991
Miscellaneous	26,160	-	-	26,160
Total Cash Receipts	<u>773,352</u>	<u>32,185</u>	<u>-</u>	<u>805,537</u>
Current:				
Security of Persons and Property	162,200	-	-	162,200
Public Health Services	4,570	-	-	4,570
Leisure Time Activities	6,577	-	-	6,577
Community Environment	970	-	-	970
Basic Utilities Services	45,163	-	-	45,163
Transportation	15,129	12,253	-	27,382
General Government	404,768	-	-	404,768
Capital Outlay	221,596	-	-	221,596
Total Cash Disbursements	<u>860,972</u>	<u>12,253</u>	<u>-</u>	<u>873,225</u>
Excess of Receipts Over (Under) Disbursements	(87,620)	19,932	-	(67,688)
Other Financing Receipts (Disbursements):				
Other Financing Sources	19,521	-	-	19,521
Total Other Financing Receipts (Disbursements)	<u>19,521</u>	<u>-</u>	<u>-</u>	<u>19,521</u>
Net Change in Fund Cash Balances	(68,099)	19,932	-	(48,167)
Fund Cash Balances, January 1	607,465	13,428	362	621,255
Fund Cash Balances, December 31				
Restricted	-	33,360	362	33,360
Unassigned	539,366	-	-	539,366
Fund Cash Balances, December 31	<u>\$ 539,366</u>	<u>\$ 33,360</u>	<u>\$ 362</u>	<u>\$ 573,087</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 823,897
Total Operating Cash Receipts	823,897
Operating Cash Disbursements:	
Personal Services	156,719
Contractual Services	237,847
Supplies and Materials	60,461
Capital Outlay	334,189
Total Operating Cash Disbursements	789,217
Operating Income (Loss)	34,680
Non-Operating Receipts (Disbursements)	
Intergovernmental Revenue	147,984
Redemption of Principal	(189,536)
Interest and Fiscal Charges	(5,137)
Note Proceeds	60,100
Total Non-Operating Receipts (Disbursements)	13,411
Net Change in Fund Cash Balances	48,091
Fund Cash Balances, January 1	522,662
Fund Cash Balances, December 31	
Unassigned	570,754
Fund Cash Balances, December 31	\$ 570,754

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Gambier, Knox County, Ohio (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services including road maintenance and repair, water and sewer utilities and park operations. The Village contracts with the Knox County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. Summary of Significant Accounting Policies – (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Permanent Fund

Trust Funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a Permanent Fund. The Village had the following significant Permanent Fund:

Lepley-Metcalf Nonexpendable Trust Fund - This fund received a one time donation for cemetery improvements.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Stormwater Fund – This fund receives charges for services from residents to cover stormwater service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. Summary of Significant Accounting Policies – (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 622,012	\$ 443,841
Certificates of Deposit	<u>700,000</u>	<u>700,000</u>
Total Deposits	<u>\$ 1,322,012</u>	<u>\$ 1,143,841</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 were as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$716,984	\$872,276	\$155,292
Special Revenue	22,925	24,362	1,437
Enterprise	870,031	704,154	(165,877)
Total	\$1,609,940	\$1,600,792	(\$9,148)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,264,350	\$811,492	\$452,858
Special Revenue	33,400	10,638	22,762
Enterprise	1,333,000	600,490	732,510
Total	\$2,630,750	\$1,422,620	\$1,208,130

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$726,490	\$792,873	\$66,383
Special Revenue	22,925	23,829	904
Enterprise	870,031	1,031,981	161,950
Total	\$1,619,446	\$1,848,683	\$229,237

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,329,870	\$860,972	\$468,898
Special Revenue	35,950	12,253	23,697
Enterprise	1,306,900	283,890	1,023,010
Total	\$2,672,720	\$1,157,115	\$1,515,605

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

4. Local Income Tax

The Village levies a municipal income tax of one and one half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

5. Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan #1	\$ 11,920	0%
Ohio Public Works Commission Loan #2	37,954	0%
Ohio Public Works Commission Loan #4	57,095	0%
Total	<u>\$ 106,969</u>	

The Ohio Public Works Commission (OPWC) loan #1 relates to the Chase Avenue Main Water Replacement. The original loan was for \$119,212. The Village makes semi-annual payments of \$2,980. Loan has a maturity date of January 1, 2019. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The Ohio Public Works Commission (OPWC) loan #2 relates to the Duff Street Storm Sewer project. The original loan was for \$108,440. The Village makes semi-annual payments of \$2,711. The loan has a maturity date of January 1, 2024. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The Ohio Public Works Commission (OPWC) loan #4 relates to the Duff Street Storm Sewer Part 3 project. The original loan was for \$60,100. The Village makes semi-annual payments of \$1,002. The loan has a maturity date of July 1, 2045. The loan is collateralized by utility receipts and the full faith and credit of the Village.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

5. Debt – (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWPC Loans
2017	\$ 13,386
2018	13,386
2019	7,425
2020	7,425
2021	7,425
2022-2026	20,861
2027-2031	10,017
2032-2036	10,017
2037-2041	10,017
2042-2045	7,010
Total	\$ 106,969

6. Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**VILLAGE OF GAMBIER
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

7. Risk Management – (Continued)

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$ 14,643,667	\$ 14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$ 5,531,637	\$ 5,887,681

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

Village of Gambier
Knox County
115 Meadow Lane
Gambier, Ohio 43022

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type the Village of Gambier, Knox County, (the Village) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated May 14, 2017, wherein we noted the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

Village of Gambier
Knox County
Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Findings

The Village's response to the finding identified in our audit is described in the accompany schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
May 14, 2017

**Village of Gambier
Knox County**

**Schedule of Findings
For the Years Ended December 31, 2016 and 2015**

FINDING NUMBER 2016-001

Significant Deficiency - Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the compliance supplement for guidance on the correct line item to post various receipts and expenditures of the Village.

Client Response:

Three of the four above payments were misstatements due to the line description entered at the time of the software setup. The line description read: Note Interest (OPWC Loan Repayment). This did cause the monies to be listed as interest in the financial reports although the monies were posted to the right account. I have corrected the line description to read: OPWC Loan Repayment. This will avoid the interest free notes being listed incorrectly in the future.

The posting of \$2,980.00 was a data entry error. To avoid this mistake while posting loan payments in the future, I will, at the time of the postings, make sure that I have correctly listed the accounts to debit and credit for the posting before it is posted.

The prior Clerk-Treasurer and I have researched this finding and we did not find the proper posting for the benefit received in the future, loans and grants will be researched for proper fund postings.



Dave Yost • Auditor of State

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 7, 2017