



**VILLAGE OF GANN  
KNOX COUNTY**

**BASIC AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2018-2017**



# OHIO AUDITOR OF STATE KEITH FABER



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Village of Gann  
Knox County  
P.O. Box 305  
Brinkhaven, Ohio 43006

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Gann, Knox County, (the Village) for the years ended December 31, 2018 and 2017.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 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, 2018 and 2017.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 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. We noted that General Fund appropriations and estimated receipts were not integrated in the accounting system. Budgeted verse actual amounts should be presented to the Council at meetings and integrated into the accounting system.
2. We examined the bank reconciliation prepared as of December 31, 2018. It was noted that the bank balance compared to the fund cash balance in the ledgers was off by \$76, which results in fund balances not reconciling to the bank statements. The fiscal officer was unable to determine what the difference is. There was also documentation of the governing board review of the bank statement but nothing noting the reconciliation was not reconciled.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The fiscal officer should review transactions recorded since the last reconciliation and correct the error.

Also, the Village's small size requires Council's involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The Council should determine whether the Village is properly reconciled during their review and any variances should be addressed with the fiscal officer immediately. Absence of accurate reviews may lead to a material weakness in internal accounting controls, resulting in inaccurate cash balances, or even undetected theft.

**Current Year Observations (continued)**

3. **26 U.S. Code § 3402** of the Internal Revenue Code mandates taxes must be paid on income and this includes payments at year end for Federal Insurance Contributions Acts (FICA) taxes. This must be paid before the end of the month following the Village's fiscal year end. It was noted that the 2018 FICA taxes were due on January 31, 2019 but were not paid until September 26, 2019. Failing to pay FICA taxes in a timely manner could lead to late payment fees which is not a proper public purpose.
4. **Ohio Rev. Code § 117.38** states that public offices reporting on a cash basis must file annual reports with the Auditor of State's HINKLE system within 60 days of the close of the fiscal year end. We noted the Village did not file its annual financial report to the HINKLE system for the fiscal year ending December 31, 2018 and December 31, 2017, until July 29, 2019. The deadline for the Village to file their annual financial report was on March 1, 2019, and March 1, 2018, respectively. Our prior audit also reported this noncompliance.



Keith Faber  
Auditor of State

Columbus, Ohio

October 1, 2019

# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GANN

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  
OCTOBER 22, 2019