



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

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

Village of Gordon  
Darke County  
300 Center Street  
Gordon, Ohio 45304

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Gordon (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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

1. We recalculated the December 31, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 documentation in the prior year Basic audit working papers. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balance with the Ohio Pooled Collateral System website. The balance agreed. We also agreed the confirmed balance to the amount appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:

- a. We traced each debit to the subsequent January and February bank statements. 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.

#### **Property Tax & Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the County Auditor Detailed Expense/Vendor Ledgers for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Export Report. The amounts agreed.
  - b. We inspected the Receipt Export Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Export Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Export Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Export Report included the proper number of tax receipts for each year.

#### **Over-The-Counter Cash Receipts**

We selected one over-the-counter cash receipt from the year ended December 31, 2019 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Export Report. The amount agreed.
- b. Inspected the Receipt Export Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

#### **Debt**

1. The prior basic audit documentation disclosed no debt outstanding as of December 31, 2017.
2. We inquired of management, and inspected the Receipt Export Report and Payment Export Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. There were no new debt issuances, nor any debt payment activity during 2019 or 2018.

#### **Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timesheet, legislatively or statutorily-approved rate or salary). We found one instance in 2018 and one instance in 2019 where an employee did not have documentation of an approved pay rate (the same employee was tested each year). We also found one instance where an employee was paid for one hour less than the hours recorded on his timesheet. We brought these issues to management's attention. Management plans to pay the employee for his shortage and to have council approve the employee's pay rate. Because we did not compare all timesheets and employee rates, our report provides no assurance whether or not other similar errors occurred.

- 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 employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
- c. We selected one new employee in procedure 1. We inspected the employee's personnel file for the following information and compared it with the information used to compute gross and net pay related to this check:
  - i. Name
  - ii. Authorized salary or pay rate and departments and funds to which the check should be charged
  - iii. Retirement system participation and payroll withholding, Federal, State & Local income tax withholding authorization and withholding

The only documentation maintained in the new employee's personnel file was a W-4 and an Ohio tax form. The Wage Detail Report disclosed the department/fund that was used to pay the employee as well as retirement withholdings for the employee. However, no documentation of the department/fund to pay this employee from was maintained in the employee's personnel file, and no retirement system enrollment form was maintained. Documentation of a pay rate was maintained on the Village Council attendance sheet. We recommend the Village maintain all documentation to support wages paid and deductions withheld.

- 2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 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 2019. 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 (and social security, for employees not enrolled in pension system)	January 31, 2020	January 23, 2020	\$220.50	\$220.50
State income taxes	January 31, 2020	December 29, 2019	\$8.63	\$8.63
OPERS retirement	January 30, 2020	January 23, 2020	\$40	\$40

**Non-Payroll Cash Disbursements**

- 1. We selected 10 disbursements from the Payment Export Report for the year ended December 31, 2019 and 10 from the year ended 2018 and determined whether:
  - a. The disbursements were for a proper public purpose. The Village paid \$96.73 of sales tax for one expenditure. The Village employees should inform vendors of the Village's tax-exempt status at the time of purchase to minimize Village funds being unnecessarily expended. For one expenditure, a purchase order and check stub for Village of Verona fire was provided but no invoice or contract. We recommend the Village maintain supporting documentation for all expenditures.
  - 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 Payment Export Report and to the names and amounts on the supporting invoices. For one expenditure, we agreed the information from the Payment Export Report to the canceled check. However, only a purchase order and check stub for Village of Verona fire

was provided but no invoice or contract; therefore, we were unable to agree the information from the Payment Export Report to supporting invoices. We recommend the Village maintain supporting documentation for all expenditures.

- 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 three instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. In addition, a supporting invoice or contract was not provided for one expenditure (Village of Verona fire); therefore, we were unable to determine if a *Then and Now Certificate* was required. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Street, and State Highway fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 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.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 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.

### **Sunshine Law Compliance**

1. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We inquired with Village management and determined that the Village did not have any public records requests during the engagement period.
3. We inquired with Village management and determined that the Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with Village management and determined that the Village did not have a policy manual

during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).

6. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore it could not be displayed in all the branches of the Village as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected the Auditor of State public records training confirmation listing and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). The previous mayor did not attend training before the end of his term.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G). The purpose for going into an executive session was not documented in the September 11, 2018 meeting minutes, so we could not determine whether it correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G). No other executive sessions were noted during the testing period.
  - c. Formal governing board actions were adopted in open meetings.

#### **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, 2019 and 2018 in the Hinkle system. Financial information for 2018 was filed on February 4, 2019 which was within the allotted timeframe; however, the financial statements did not include the notes to the financial statements as required. The Village refiled the 2018 financial statements on June 30,

2020, to include both notes and financial statements. Complete financial information for 2019 was filed on February 10, 2020 which was within the allotted timeframe.

2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the prior fiscal officer obtained the training required by Ohio Rev. Code Section 733.81. The prior fiscal officer obtained 0 of the required 12 hours of training.

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, 2019 and 2018, 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 25, 2020



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GORDON**

**DARKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/1/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)