



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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Village of Gratiot  
Licking County  
Gratiot, Ohio 43056

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 Gratiot, Licking County, (the Village) for the years ended December 31, 2020 and 2019.

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, 2020 and 2019.

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. In 2019, the Village did not utilize a receipts ledger or appropriations ledger to track budgeted to actual receipts and expenditures. The Village should utilize receipts and appropriation ledgers in accordance with **Ohio Admin. Code 117-2-02(D)(2)** and **117-2-02(D)(3)**, respectively.
2. In 2019, the Village did not certify the availability of funds prior to the purchase commitment for any expenditures. The Village Fiscal Officer should certify all disbursements or issue Then and Now Certificates requiring certification in accordance with **Ohio Rev. Code § 5705.41(D)**.
3. We noted the Village did not have a records retention policy/schedule, attend public records training, nor adopt a reasonable method to alert the general public of when and where meetings were held. **Ohio Rev. Code § 149.43** requires the Village to attend public records training, maintain a records retention schedule, and establish a records retention policy. The Village should establish the required policies and procedures as outlined in **Ohio Rev. Code § 149.43**. Additionally, **Ohio Rev. Code § 121.22(F)** requires the Village to adopt a method to alert the general public and news media of when and where meetings during the engagement period. The Village should adopt a reasonable method to alert the general public of when public meetings will be held.
4. **Ohio Rev. Code Section 2921.42(A)(1)** states that no public official shall knowingly authorize, or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

### Current Year Observations (Continued)

In 2020 the Village hired Mark Garey as a part-time maintenance worker. Mr. Garey was related to a council member, Melanie Garey, who did not abstain from voting on Mr. Garey's hiring. Village Council members should always abstain from voting on any official Village business involving a related party.

5. In 2019, the Village incorrectly reported \$2,385 of Property Tax receipts levied for current expenses within the Street Construction and Maintenance Fund rather than the General Fund in violation of **Ohio Rev. Code §5705.10(a)**. Additionally, the Village incorrectly reported \$484 of unrestricted Intergovernmental Revenues in the Street Construction and Maintenance Fund rather than the General Fund. In 2020, the Village incorrectly reported \$1,069 of Gasoline Tax receipts within the Debt Service Fund as Property Taxes rather than Intergovernmental Receipts within the Street Construction and Maintenance Fund. The Village has made these corrections to their internal accounting system.
6. The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

During fiscal year 2019, the Village failed to consistently perform monthly cash reconciliations resulting in inaccurate reporting of receipts and disbursements going undetected. The following errors were identified between the Village's 2019 internal accounting ledgers and the financial statements filed with the Hinkle system:

- Total cash receipts were overstated by \$3,529;
- Principal Payments within the Debt Service Fund were overstated \$1,211;
- Interest Payments within the Debt Service Fund were overstated \$509;
- Total current expenses were understated by \$4,434;
- Excess of Receipts Over (Under) Disbursements did not foot in the Debt Service Fund; and
- Fund Cash Balances as of January 1, 2019 were understated by \$16,542 in the Debt Service Fund, and overstated \$8,788 and \$15,607 in the General and Special Revenue Funds, respectively.

After factoring these errors into the financial statements, the Village's book balance agreed to the Village's bank balance.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis. Village Council should approve this reconciliation at their monthly public meetings.

7. Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, **Ohio Rev. Code § 149.351** requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Ohio Rev. Code §§149.38 through 149.42**.

In 2019, the Village did not maintain all invoices, purchase orders, bank statements, accounting ledgers, duplicate checks, or duplicate receipts. All supporting documentation for financial transactions should be maintained, and the records should be maintained in an orderly manner.

8. **Ohio Rev. Code § 5705.09 (F)** requires each subdivision establish a special fund for each class of revenues derived from a source other than general property tax, which the law requires to be used for a particular purpose.

In both 2020 and 2019, the Village received Permissive Motor Vehicle License Tax receipts and recorded the revenues within the Street Construction and Maintenance Fund rather than establishing a Permissive Motor Vehicle License Tax fund as required by **Ohio Rev. Code §5705.09 (F)**.

**Current Status of Matters Reported in our Prior Engagement**

1. The prior audit for the years ended December 31, 2018 and 2017 noted the Village did not utilize a receipts ledger or appropriations ledger to track budgeted to actual receipts and expenditures. We noted this issue was not corrected for 2019 and was therefore included in current year observation number 1.
2. The prior audit for the years ended December 31, 2018 and 2017 noted the Village did not certify the availability of funds prior to the purchase commitment for any expenditures. We noted this issue was not corrected for 2019 and was therefore included in current year observation number 2.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 12, 2021

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GRATIOT**

**LICKING 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 8/17/2021**

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