



**KILLBUCK COMMUNITY IMPROVEMENT CORPORATION
HOLMES COUNTY**

BASIC AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2016-2015



Dave Yost • Auditor of State



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Killbuck Community Improvement Corporation
Holmes County
P.O. Box 402
Killbuck, Ohio 44637

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Killbuck Community Improvement Corporation, Holmes County, Ohio, (the CIC) for the years ended December 31, 2016 and 2015.

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 CIC's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Corporation's financial statements, transactions or balances for the years ended December 31, 2016 or 2015.

The CIC'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.

Current Year Observations

1. We noted the CIC did not document the performance of a formal bank to book reconciliation process during 2016 and 2015. Furthermore, the CIC did not maintain receipt and expenditure ledgers other than a bank account check book register. We were able to determine the CIC did reconcile as of December 31, 2016 and 2015.

Reconciling cash and maintenance of revenue and expenditure journals are a critical control in ensuring all transactions are posted accurately and in proper accounting period.

Also, the CIC's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The abuse of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

2. Ohio Rev. Code §117.38 states that each public office shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The auditor of state may extend the deadline for filing a financial report and establish terms and conditions for any such extension. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report. The CIC reports their financial statements on the cash basis of accounting. However, they did not file their 2015 annual report until September 6, 2017, which is more than 60 days after fiscal year-end. By not filing timely, the CIC is subjected to penalties.

Current Year Observations-(Continued)

The CIC should ensure their cash basis report is filed with the Auditor of State by the filing deadline of within 60 days of fiscal year-end, as required by Ohio Rev. Code §117.38.

Current Status of Matters Reported in our Prior Engagement

1. We noted the CIC did not document the performance of a formal bank to book reconciliation process during 2014 and 2013. Furthermore, the CIC did not maintain receipt and expenditure ledgers other than a bank account check book register. We were able to determine the CIC did reconcile as of December 31, 2014 and 2013.

Reconciling cash and the maintenance of revenue and expenditure journals are a critical control in ensuring all transactions are posted accurately and in the proper accounting period.

Also, the CIC's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

Comment still noted in current year observations.

2. As required by Ohio Rev. Code Section 149.351, which in summary states all records are the property of the public office concerned and 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 commissions, the CIC did not maintain all receipt and expenditure supporting documentation. By not maintaining adequate supporting documentation, the CIC cannot fully substantiate the legitimacy of the receipt or expense. Based on our review, it appeared all activity was of a nature allowable based on the CIC's operations.

The CIC should ensure proper supporting documentation is maintained for all financial activity. This documentation should be maintained for a sufficient period of time as required by Ohio Revised Code.

Noted audit documentation to be maintained for current year audit.



Dave Yost
Auditor of State
Columbus, Ohio

September 21, 2017



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KILLBUCK COMMUNITY IMPROVEMENT CORPORATION

HOLMES 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 5, 2017**