



Dave Yost • Auditor of State



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August 10, 2018

Village of Kipton
Lorain County
Kipton, Ohio 44049

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 Kipton, Lorain County, (the Village) for the years ended December 31, 2017 and 2016.

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, 2017 and 2016.

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 compliance and accounting issues to report.

Current Year Observations

1. We examined the bank reconciliation prepared as of December 31, 2017. It included an unexplained reconciling item of \$321, which results in fund balances exceeding actual available cash by this amount. The fiscal officer was unable to determine what this amount represented.

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 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.

2. We noted the Village did not timely file its financial statements with the Auditor of State's Office for the fiscal year ended December 31, 2016 as required by Ohio Rev. Code §117.38. A complete filing includes both the annual financial statements and the notes to the financial statements and the notes to the financial statements. Villages not filing in accordance with generally accepted accounting principles must file with the Auditor of State within sixty days after the close of the fiscal year. The statements and notes were filed on March 6, 2017, more than sixty days after fiscal year end.

We recommend the Village file its annual report timely and as prescribed by the applicable Ohio Revised Code section.

Current Status of Matters Reported in our Prior Engagement

3. In addition to the reconciling matter reported in item 1 above, our prior audit for the years ended December 31, 2015 and 2014 included Federal, Medicare, Social Security and OPERS amounts totaling, not paid until after the due date. We noted no such issues during the current audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

August 10, 2018



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VILLAGE OF KIPTON

LORAIN 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
AUGUST, 23 2018