



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Clay Center
Ottawa County
420 Main Street, PO Box 52
Clay Center, Ohio 43408-0052

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Clay Center, Ottawa County, Ohio (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2013 and 2012, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. 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*. 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31 2012, bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. 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. We noted no exceptions.
6. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they:

- a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
- b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Intergovernmental Cash Receipts

We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the Ottawa County Auditor Confirmation from 2013 and five from 2012.

- a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We compared the allocation of income tax receipts for the years ended December 31, 2013 and 2012 to the Village's funds according to the allocation requirements of Ordinance No. 98-2. The allocations agreed to the required allocation specified in Ordinance No. 98-2 except for the amounts allocated in 2013. Ordinance 98-2 requires revenue derived from income tax collections to be transferred in equal portions to the General and Capital Improvement funds as needed, but at least annually. The following table summarizes the allocation required by Ordinance No. 98-2 compared to the allocation made during 2013:

	Income Tax Fund	General Fund	Capital Improvement Fund
Total receipts subject to distribution	\$ 87,340		
Required distribution		\$ 43,670	\$ 43,670
Actual distribution	65,000	45,000	20,000
Variance	<u>\$ 22,340</u>	<u>\$ (1,330)</u>	<u>\$ 23,670</u>

The Clerk-Treasurer should allocate income tax receipts in accordance with the manner specified by Ordinance No. 98-2. The Clerk-Treasurer made the adjustments to the Village's ledgers on April 7, 2014.

2. We selected five income tax returns filed during 2013 and five from 2012.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the cash register tape. The amounts agreed.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.
4. We selected all income tax refunds from 2013 and all from 2012.
 - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.

- b. We noted each of the refunds were approved by the Tax Commissioner.
- c. We noted the refunds were paid from the Income Tax Fund as is required.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2011 balances.

Issue	Principal outstanding as of December 31, 2011:
OPWC Loan #CT17F	\$144,529
OPWC Loan #CE38G	13,906

- 2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to a summary of loan activity obtained for 2013 and 2012.

Payroll Cash Disbursements

- 1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
- 2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State and Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

- 3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 to determine whether 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 2013. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income	January 31, 2014	December 4, 2013	\$45	\$45

taxes and Medicare				
State income taxes	January 15, 2014	December 19, 2013	18	18
Village of Clay Center income taxes	January 31, 2014	December 19, 2013	25	25
OPERS retirement	January 30, 2014	December 3, 2013	195	195

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended December 31, 2012 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- 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 Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- 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 Clerk-Treasurer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction Maintenance and Repair, and Other Capital Projects funds for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Street Construction Maintenance and Repair, and Other Capital Projects funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2013 and 2012 for the following funds: General, Street Construction Maintenance and Repair, and Other Capital Projects funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction Maintenance and Repair, and Other Capital Projects funds for the years ended December 31, 2013 and 2012. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2013 and 2012 for the General, Street Construction Maintenance and Repair, and Other Capital Projects funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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 and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts and Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the County Engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

April 9, 2014

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VILLAGE OF CLAY CENTER

OTTAWA 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
APRIL 22, 2014