

VILLAGE OF CYGNET

WOOD COUNTY

**JANUARY 1, 2011 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of Cygnet
P.O. Box 190
Cygnet, Ohio 43413

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Cygnet, Wood County, prepared by LublinSussman Group LLP, for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Cygnet is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 6, 2014

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Village of Cygnet
Wood County
P.O. Box 190
Cygnet, Ohio 43413

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Cygnet and the Auditor of State 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 documentation in the prior year audited statements. We noted the General Fund was understated by \$31,091.99, the Street Fund was overstated by \$3,073.84, and the Electric Operating Fund was overstated by \$28,018.15. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the fund Ledger Report. The beginning balances were off by the same amounts stated above. These adjustments will be made in the current year.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Status Reports. The amounts agreed.

Cash and Investments (Continued)

4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. In 2012 there was a \$0.65 difference in the general fund and SPA total. These amounts cancelled each other out and no further testing was done. Because this is under the \$10 threshold this is not an exception.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Detail Expense Transactions Report from 2012 and five from 2011.
 - 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 fund(s). 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 selected five income tax returns filed during 2012 and five from 2011.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Cygnet Tax Collection Register. The amounts agreed.
 - b. We compared the Cygnet Tax Collection Register total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2012 and five from 2011.
 - a. We compared the refund paid from the Payment Register Detail Report to the refund amount requested in the tax return. We found that three refunds were not issued in 2012.
 - b. We noted that two refunds from 2012 and two refunds from 2011 were not approved by Village Council; however, the remaining refunds were approved by Village Council.
 - c. We noted the refunds were paid from the fund "Deposits Refunded – Tax Refunds" as is required.

Water, Sewer and Electric Funds

1. We haphazardly selected 10 Electric Fund (water and sewer services were transferred to the Northwest Water & Sewer District on August 1, 2011) collection cash receipts from the year ended December 31, 2012 and 10 Water, Sewer and Electric Funds collection cash receipts from the year ended December 31, 2011 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Billing Register. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the year received. We found no exceptions.
2. We read the Customer Delinquent Report.
 - a. We noted this report listed \$0 and \$4,620.61 of accounts receivable as of December 31, 2012 and 2011 respectively.
 - b. Of the total receivables reported in the preceding step, \$0 and \$0 were recorded as more than 90 days delinquent.

Water, Sewer and Electric Funds (Continued)

3. We read the Cash Receipts Journal.
 - a. We noted this report listed a total of \$0 and \$18,365 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2011, and noted that the Clerk Treasurer approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2010. These amounts agreed to the Villages' January 1, 2011 balances on the summary we used in step 3.

Loan	Principal Outstanding as of December 31, 2010
USDA Loan 11/22/96	\$870,000
USDA Loan #2 11/22/96	\$73,000
USDA Loan 4/24/03	\$661,000
Corn City	\$142,527

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary amount used in the Employee Detail Adjustment Report to supporting documentation (timecards, legislatively or statutorily-approved rate or salary). We found one instance during 2012 where an employee was paid \$33.34 more than the amount approved in an ordinance. We brought this to management's attention and they are going to have council approve a new ordinance for this individual.

Payroll Cash Disbursements (Continued)

- b. We determined whether the fund and account code(s) to which the check were posted was reasonable based on the employees' duties as documented in the employees' personnel files or information recorded in the minutes. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We tested the checks we selected in step 1, as follows:
- a. Name
 - b. Authorized Salary or pay rate
 - c. Department(s) and funds to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State, & 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, except an amount paid to one employee during 2012 did not agree to the amount approved in an ordinance.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. We noted the following:

2012

Withholding	Due Date	Date Paid	Amount Due	Amount Paid
Federal Income Taxes and Medicare	1/31/2013	12/31/2012	\$617	\$617
State Income Taxes	1/15/2013	12/12/2012	\$160	\$160
Village of Cygnet Income Taxes	1/17/2013	12/27/2012	\$66	\$66
OPERS Retirement (WH's + Employer Share)	1/31/2013	1/25/13	\$1872	\$1872

4. There were no terminations in 2012 or 2011.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
- a. The disbursements were for a proper public purpose. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 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 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, Permissive and Electric Operating Funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$93,794 and \$256,674 for 2012 and 2011, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$94,069 and \$256,805 for 2012 and 2011, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.
- 2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for all the 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2012 and 2011 for the following funds: General, Permissive and Electric Operating 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, Permissive, and Electric Operating Funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (Continued)

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, 2012 and 2011 for the General, Permissive, and Electric Operating 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, 2012 and 2011. 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 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 for which Ohio Rev. Code Sections 5705.14-.16 restrict. We noted the Village transferred \$98,923.72 from the Enterprise Fund to the General Fund. Ohio Rev. Code Section 5705.16 does not permit this transfer without approval of the Tax Commissioner and the Court of Common Pleas. The Village did obtain this approval.
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, 2012 and 2011 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 Village 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, the Auditor of State, and others within the Village and is not intended to be, and should not be used by anyone other than these specified parties.

Seublin Sussman Group LLP

January 22, 2014
Toledo, OH



Dave Yost • Auditor of State

VILLAGE OF CYGNET

WOOD 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
FEBRUARY 18, 2014**