



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of St. Henry
Mercer County
St. Henry, Ohio 45883

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of St. Henry (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 year ended December 31, 2013, 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

1. We tested the mathematical accuracy of the December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. 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.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue 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. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Receipt Register Report to determine whether it included two real estate tax receipts for 2013. We noted the Revenue 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 2013. We also selected five receipts from the Mercer County Vendor History Report from 2013.
 - a. We compared the amount from the above report to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions except for the MVC 2012 Excess IRP receipt in 2013 on Receipt #120-2013 dated March 28, 2013 was posted to the General Fund for \$320. The proper allocation of the Excess IRP was \$296 to the Street Construction Maintenance and Repair Fund and \$24 to the State Highway Fund. The Village's records have been adjusted accordingly as stated above.
 - 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 2013.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the payment journal. The amounts agreed.
 - b. We compared the payment journal total from step a. to the amount recorded as income tax receipts in the Revenue Receipt Register Report for that date. The amounts agreed.
4. We determined whether the receipts were recorded in the year received. We found no exceptions.
5. We selected five income tax refunds from 2013.
 - a. We compared the refund paid from Payment Register Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by Village Council.
 - c. We noted the refunds were paid from the Income Tax Fund, as is required.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 recorded in the Revenue Receipt Register Report and determined whether the:

Water and Sewer Fund (continued)

- a. Receipt amount per the Revenue Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal 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 funds, and was recorded in the year received. We found no exceptions.
2. We read the Customer Delinquent Report.
 - a. We noted this report listed \$2,765 of accounts receivable as of December 31, 2013.
 - b. Of the total receivables reported in the preceding step, zero was recorded as more than 90 days delinquent.
 3. We read the Temporary Manual Charge Journal.
 - a. We noted this report listed a total of \$524 non-cash receipts adjustments for the year ended December 31, 2013.
 - b. We selected five non-cash adjustments from 2013, and noted that the Village Administrator or Village Fiscal Officer approved each adjustment.

Debt

1. From the prior agreed-upon procedures, we noted the following notes and loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2013 balances on the Schedule of Outstanding Debt.

Issue	Principal outstanding as of December 31, 2012:
2009 Business Park Loan	\$82,745
1994 OPWC Loan	\$5,407
1995 OPWC Loan	\$19,375
2006 Bank WWTP Expansion Note	\$238,744
2006 OPWC Loan	\$152,903

2. We inquired of management, and scanned the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or debt payment activity during 2013. All debt noted agreed to the Schedule of Outstanding Debt.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

Payroll Cash Disbursements (continued)

- b. We determined whether the fund and account code(s) 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. 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 taxes & Medicare	January 31, 2014	December 17, 2013	\$1,951.72	\$1,951.72
State income taxes	January 15, 2014	January 2, 2014	\$847.04	\$847.04
Village of St. Henry income taxes	January 31, 2014	December 20, 2013	\$1,255.01	\$1,255.01
OPERS retirement	January 30, 2014	December 30, 2013	\$7,822.58	\$7,822.58
OP&F retirement	January 31, 2014	December 30, 2013	\$2,151.49	\$2,151.49

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 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 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 three instances where disbursements requiring certification were not certified or instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, 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 Water Operating funds for the year ended December 31, 2013. The amounts on the *Amended Certificate* agreed to the amount 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 \$209,125 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$193,665. 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, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2013 to determine whether, for the General, Street Construction, Maintenance and Repair, and Water Operating 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 for the following funds: General, Street Construction, Maintenance and Repair, and Water Operating. 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 Water Operating funds for the year ended December 31, 2013. 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 year ended December 31, 2013 for the General, Street Construction, Maintenance and Repair, and Water 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 Revenue Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013. 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$25,000 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 – Budgetary (continued)

9. We scanned the Fund Status Report for the year ended December 31, 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the year ended December 31, 2013 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 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

March 25, 2014



Dave Yost • Auditor of State

VILLAGE OF ST. HENRY

MERCER 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
MAY 8, 2014**