



Certified Public Accountants, A.C.

**VILLAGE OF HARROD
ALLEN COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417



Dave Yost • Auditor of State

Village Council
Village of Harrod
P.O. Box 129
Harrod, Ohio 45850

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Harrod, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2016 through December 31, 2017. 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 Harrod is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

October 17, 2018

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VILLAGE OF HARROD
ALLEN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

September 28, 2018

Village of Harrod
Allen County
P.O. Box 129
Harrod, Ohio 45850

To the Village Council, Mayor, and Management:

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor, and the management of the **Village of Harrod**, Allen County, Ohio (the Village) and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2015 balances in documentation in the prior year Agreed-Upon Procedures working papers. We noted a variance of \$4,335 in the General and Street Construction Maintenance and Repair Funds due to prior period audit adjustments. We noted no other exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2016 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The total fund balances did not agree by \$170 due to voided checks. We found no other exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed.

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Cash (Continued)

4. We confirmed the December 31, 2017 bank account balances with the Village's financial institution. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to confirm whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Ledger included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Allen County Vendor Activity Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Revenue Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2017 and 2016 Total Collection reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Revenue Ledger. We noted a variance of \$805 in 2016 and \$327 in 2017.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2017 and 10 over-the-counter cash receipts from the year ended 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Revenue Ledger. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Revenue Ledger to determine the receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Sewer Operating Fund

1. We haphazardly selected 10 Sewer Operating Fund collection cash receipts from the year ended December 31, 2017 and 10 Sewer Operating Fund collection cash receipts from the year ended 2016 recorded in the Receipt Detail Report and determined whether the:
 - a. Receipt amount per the Receipt Detail Report agreed to the amount recorded to the credit of the customer's account in the Account Receivable Detail report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Account Receivable Detail report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit 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 observed the Accounts Receivable Detail Report.
 - a. This report listed \$8,478 and \$4,578 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in the preceding step, \$4,541 in 2017 were recorded as more than 90 days delinquent. No report was available that could detail amounts more than 90 days delinquent in 2016.
3. We observed the A/R Adjustments Report.
 - a. This report listed a total of \$8,343 and \$188 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
 - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016, and observed the Board of Public Affairs approved each adjustment.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Revenue Ledger and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuance, nor any debt payment activity during 2017 or 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Reports to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the personnel files or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm 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 of 2017. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2018	January 23, 2018	\$ 868.11	\$ 868.11
State income taxes	January 31, 2018	January 17, 2018	\$ 103.14	\$ 103.14
Village Income tax	January 31, 2018	January 14, 2018	\$ 114.86	\$ 114.86
OPERS retirement	January 30, 2018	January 25, 2018	\$ 883.51	\$ 883.51

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Export Report for the year ended December 31, 2017 and ten from the year ended 2016 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 Export 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 two instances in 2017 and four instances in 2016 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 inspect all disbursements requiring certification, our report provides no assurances whether or not additional similar errors occurred.

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 Permissive Motor Vehicle License Funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund in 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$90,242 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$110,000. 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 inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Street Construction Maintenance and Repair and Permissive Motor Vehicle License 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 other 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 2017 and 2016 for the following funds: General, Street Construction Maintenance and Repair and Permissive Motor Vehicle License Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the General Fund for 2017 and 2016. The Appropriation Status Report recorded appropriations of \$259,343 and \$235,297 for 2017 and 2016, respectively, while the approved appropriations stated \$206,103 and \$185,123 for the General Fund for 2017 and 2016, respectively.
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 Permissive Motor Vehicle License Funds for the years ended December 31, 2017 and 2016. There were 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, 2017 and 2016 for the General, Street Construction Maintenance and Repair and Permissive Motor Vehicle License Funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

Compliance – Budgetary (Continued)

8. We inspected the 2017 and 2016 Revenue Ledger and Appropriation Ledger 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.
9. We inquired of management and inspected the Appropriation Status Report to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund for the years ended December 31, 2017 and 2016 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) provides 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 negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2017 and 2016 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refile complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Fiscal Officer obtained 6.5 of the required 12 hours of training but has the rest of her term to complete the required training hours.

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

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

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Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Dave Yost • Auditor of State

VILLAGE OF HARROD

ALLEN 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
NOVEMBER 8, 2018