

VILLAGE OF OSTRANDER
DELAWARE COUNTY
JANUARY 1, 2017 TO DECEMBER 31, 2018
AGREED-UPON PROCEDURES

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepoort@ohioauditor.gov
(800) 282-0370

Village Council
Village of Ostrander
P.O. Box 35
Ostrander, Ohio 43061

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Ostrander, Delaware County, prepared by Julian & Grube, Inc., for the period January 1, 2017 through December 31, 2018. 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 Ostrander is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2019

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Ostrander
Delaware County
P.O. Box 35
Ostrander, Ohio 43061

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Village of Ostrander (the "Village") and the Auditor of State, on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2018 and 2017 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, 2018 and 2017 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 and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Cash Journal Report to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Cash Journal Report to the December 31, 2017 balances in the Cash Journal Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Cash Journal Reports. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation and noted one exception where the bank confirmed a higher balance in a certificate of deposit in the amount of \$597, due to interest earned.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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.

6. We selected the one reconciling credit (such as deposits in transit) from the December 31, 2018 bank reconciliation:
 - a. We traced the credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amount to the Cash Journal Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2018 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.

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 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger Report. The amounts agreed.
 - b. We inspected the Receipt Ledger Report to confirm 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 Receipt Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Ledger Reports to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Ledger Reports included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Vendor Reports from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Ledger Reports. The amounts agreed.
 - b. We inspected the Receipt Ledger Reports to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Ledger Reports to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from Westport Homes to the Village during 2018 and 2017 with the Corporation. We found no exceptions.
 - a. We inspected the Receipt Ledger Reports to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We inspected the Receipt Ledger Reports to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2018 and 2017 Monthly Distribution Summary 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 Receipt Ledger Reports. The 2018 and 2017 Receipt Ledger Reports reported \$4,837 and \$2,012, respectively, less than the Monthly Distribution Summary Report due to the Village recording amounts net of fees.

Sewer Fund

1. We selected a sample (agreed upon) of 10 Sewer Fund collection cash receipts from the year ended December 31, 2018 and 10 Sewer Fund collection cash receipts from the year ended 2017 recorded in the Sewer Cash Receipt Journal Report and determined whether the:
 - a. Receipt amount per the Sewer Operating Fund Cash Receipt Journal Report agreed to the amount recorded to the credit of the customer's account in the Sewer New Charge Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Sewer New Charge Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period. We found no exceptions.
 - c. Receipt was posted to the proper fund and was recorded in the year received. We found no exceptions.
2. We observed the Sewer Delinquent Report.
 - a. This report listed \$20,272.06 and \$20,135.64 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$1,784.54 and \$1,605.23 were recorded as more than 90 days delinquent.
3. We observed the Monthly Cash Receipts Journal Report.
 - a. This report listed a total of \$2,274.21 and \$4,100.03 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017 and observed that the Board of Public Affairs approved adjustments as evidenced in the meeting minutes.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds, notes and loans were outstanding as of December 31, 2016. These amounts agreed to the Village's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
Ohio Water Development Authority Note	\$6,143
USDA Rural Development Bonds	\$87,600
Ohio Public Works Commission Loan	\$203,500

2. We inquired of management, and inspected the Receipt Ledger Report and Appropriation Ledger Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3, except for one loan in 2018; the summary understated the beginning balance of the Ohio Public Works Commission Loan in the amount of \$5,218 and the principal retirement during the year on the Ohio Public Works Commission Loan was understated in the amount of \$5,218.
3. We obtained a summary of bonds, notes and loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the Sewer Operating fund payments reported in the Appropriation Ledger 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 selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Record Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. 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 employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute record for the following information and compared it 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 & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

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

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 during 2018. We observed 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, 2019	January 29, 2019	\$1,412.18	\$1,412.18
State income taxes	January 31, 2019	January 29, 2019	\$101.88	\$101.88
Village of Ostrander income tax	January 31, 2019	January 29, 2019	\$120.79	\$120.79
School District taxes	January 31, 2019	January 29, 2019	\$84.57	\$84.57
OPERS retirement	January 31, 2019	January 24, 2019	\$742.89	\$742.89

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger Report, we re-footed checks recorded as General Fund disbursements for *community environment*, and checks recorded as *supplies and materials* in the Sewer Operating fund for 2018. We found no exceptions.
2. We selected a sample (agreed upon) of 10 disbursements from the Cash Journal Report for the year ended December 31, 2018 and 10 from the year ended 2017 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 Cash Journal 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 did not certify any disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). 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 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 Comparison of Budgeted and Actual Receipts – All Budgeted Funds (Regulatory Cash Basis) Reports for the General, Street Construction, Maintenance, and Repair and Sewer Operating funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Construction, Maintenance, and Repair and Sewer 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 Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds (Regulatory Cash Basis) Reports for 2018 and 2017 for the following funds: General, Street Construction, Maintenance and Repair, and Sewer Operating funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds (Regulatory Cash Basis) Reports except for in 2017, the Street Construction, Maintenance and Repair and the Sewer Operating funds' approved appropriations exceeded the amounts reported on the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds (Regulatory Cash Basis) Report in the amounts of \$7,415 and \$392,620, 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 Sewer Operating funds for the years ended December 31, 2018 and 2017. 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, 2018 and 2017 for the General, Street Construction, Maintenance, and Repair, and Sewer Operating funds, as recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All budgeted Funds (Regulatory Cash Basis) Reports. We observed that the Street Construction, Maintenance, and Repair and Sewer Operating funds' expenditures for 2018 exceeded total appropriations in the amounts of \$3,000 and \$66, respectively, contrary to Ohio Rev. Code Section 5705.41(B). The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. Additionally, \$3,530 in the Sewer Operating Fund expenditures exceeded appropriations due to a clerical error.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. 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, we inspected 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 the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Reconciliation of Interfund Transactions by Fund (Regulatory Cash Basis) Reports for evidence of interfund transfers exceeding \$0 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds (Regulatory Cash Basis) Reports 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 Reconciliation (Regulatory Cash Basis) by Fund Report for the years ended December 31, 2018 and 2017 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. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Cash Journal Reports for the years ended December 31, 2018 and 2017 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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2018 and 2017 in the Hinkle system. There were no exceptions for 2018. For 2017, the filing was initially timely, however, it excluded one required statement.
2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user.
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We noted the Village did not have a credit card policy in place.

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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Julian & Grube, Inc.
June 14, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF OSTRANDER

DELAWARE 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 13, 2019**