



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Botkins  
Shelby County  
210 South Mill Street  
P.O. Box 190  
Botkins, Ohio 45306

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Botkins (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 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, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the YTD Fund Report to the December 31, 2018 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, 2020 beginning fund balances recorded in the YTD Fund Report to the December 31, 2019 balances in the YTD Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the YTD Fund Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We observed the year-end bank balances at December 31, 2020 on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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 and determined the debits were dated prior to December 31. There were no exceptions.

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**Cash and Investments (Continued)**

6. We traced interbank account transfers occurring in December of 2020 and 2019 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
7. We inspected investments held at December 31, 2020 and December 31, 2019 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 total of five receipts from the State Distribution Transaction Listing (DTL) and the County Appropriation History Report for 2020 and a total of five from 2019:
  - a. We compared the amount from the above named reports to the amount recorded in the Revenue History Report. The amounts agreed.
  - b. We inspected the Revenue History Report to determine these receipts were 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 History Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue History Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Revenue History Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from the Botkins Community Improvement Corporation to the Village during 2019. We found no exceptions.
  - a. We inspected the Revenue History Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Revenue History Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Income Tax Receipts**

1. We obtained the December 31, 2020 and 2019 Report of the Department of Taxation submitted by the City of St. Marys, 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 History Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2020 and 2019 to the Village's funds according to the allocation requirements of Resolution No. 06-23. The allocation agreed with the percentages the Resolution requires.

**Other Receipts**

We selected 10 other receipts from the year ended December 31, 2020 and 10 other receipts from the year ended 2019 and:

- a. Agreed the receipt amount recorded in the Revenue History Report to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force, if applicable, during the period. We found no exceptions.
- c. Inspected the Revenue History Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

**Water and Sewer Fund**

1. We selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2020 and 10 Water and Sewer Fund collection cash receipts from the year ended 2019 recorded in the Cash Receipts Journal and determined whether the:
  - a. Receipt amount per the Customer Account History agreed to the amount recorded to the credit of the customer's account in the Cash Receipts Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Accounts Receivable Report 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. 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 Report.
  - a. This report listed \$187.09 and \$961.46 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$0 and \$171.77 were recorded as more than 90 days delinquent.
3. We observed the Summary of Adjustments Analysis Report.
  - a. This report listed a total of \$3,711 and \$3,854 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
  - b. We selected five non-cash adjustments from 2020 and five non-cash adjustments from 2019, and observed that the Utilities Director approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2018. These amounts agreed to the Villages January 1, 2019 balances on the summary we used in procedure 3.

| Issue                                   | Principal outstanding as of December 31, 2018: |
|---|--|
| OWDA Loan- Water Tower,                 | \$44,902                                       |
| OWDA Loan- Water Treatment Plant        | \$154,738                                      |
| OWDA Loan- WPCLF Construction           | \$944,592                                      |
| OPWC Loan – Edgewood Street             | \$63,000                                       |
| OPWC Loan- Water Treatment Plant        | \$438,900                                      |
| First National Bank Loan – Hegeman Land | \$644,557                                      |

**Debt (Continued)**

2. We inquired of management, and inspected the Revenue History Report and Budget History Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Budget History Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the capital projects fund for 2019 and the water fund and sewer fund for 2020 per the Revenue History Report. The amounts agreed.
5. For new debt issued during 2019, we inspected the debt legislation, which stated the Village must use the proceeds for water treatment plant improvements. We inspected the Budget History Report and observed the Village make payments related to the water treatment plant improvements project. For new debt issued during 2020, we inspected the debt legislation, which stated the Village must use the proceeds to fund improvements and ensure compliance with federal and state drinking water laws and regulations and for a wastewater treatment plant disinfection. We inspected the Budget History Report and observed the Village paid Great Lakes Community Action Partner in May of 2020. We inspected the debt legislation for the UV Disinfection Loan, which stated the Village must use the proceeds for a wastewater treatment plant disinfection upgrade. We inspected the Budget History Report and observed the Village made payments related to these projects.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Payroll History Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll History Report 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 allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
  - c. We 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, 2020 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 2020. We observed the following:

**Payroll Cash Disbursements (Continued)**

| <b>Withholding<br/>(plus employer share,<br/>where applicable)</b>                                  | <b>Date<br/>Due</b> | <b>Date<br/>Paid</b> | <b>Amount<br/>Due</b> | <b>Amount<br/>Paid</b> |
|---|---------------------|----------------------|-----------------------|------------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | January 31, 2021    | December 29, 2020    | \$3,658.58            | \$3,658.58             |
| State income taxes  | January 15, 2021    | December 28, 2020    | \$731.38              | \$731.38               |
| School District income tax  | January 31, 2021    | January 27, 2021     | \$4,360.24            | \$4,360.24             |
| Village of Botkins income tax   | January 15, 2021    | December 24, 2020    | \$544.05              | \$544.05               |
| OPERS retirement  | January 30, 2021    | January 25, 2021     | \$3,436.84            | \$3,436.84             |
| OP&F retirement   | January 31, 2021    | January 25, 2021     | \$1,368.84            | \$1,368.84             |

**Non-Payroll Cash Disbursements**

We selected 10 disbursements from the Budget History Report for the year ended December 31, 2020 and 10 from the year ended 2019 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 Budget History 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. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the general, street maintenance and repair and state highway funds, as recorded in the Budget History Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the YTD Fund Report for the library stofer fund and the library sheets fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period. No exceptions were noted.
3. We inspected the YTD Fund Report for the years ended December 31, 2020 and 2019 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.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected the only public records request from the engagement period and inspected the request to determine the following:
  - a. The Village was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
  - b. The Village provided an explanation for the partially denied request which included the legal authority to the requester as required by Ohio Rev. Code § 149.43(B)(3). We found no exceptions.
  - c. The Village was redacting records and making the redactions visible, and provided an explanation which included the legal authority to the requester as required by Ohio Rev. Code § 149.43(B)(1) and 149.43(B)(3). We found no exceptions.
3. We inquired whether the Village had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code §§ 149.43(B)(2) and 149.43(B)(3). We found no exceptions.
4. We inquired if the Village possessed written evidence that its public records policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). No such written evidence existed. Failure by the Village to have the records custodian acknowledge receipt of its public records policy could lead to a lack of understanding of the Village's public records policy. The Village should establish and implement procedures to ensure that an acknowledgement form is obtained from the records custodian of the Village as evidence that the public records policy was received.
5. We inspected the Village's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with management and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). Two elected officials' terms ended in 2019. However, these individuals did not attend public records training during the term, nor was there a Village designee that attended public records training on behalf of the officials. The Village's failure to have all elected officials, or an approved designee of the officials, attend public records training for each term of office could ultimately result in violations of the Public Records Act.



### **Sunshine Law Compliance (Continued)**

9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll and non-payroll transactions and determined the Village:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Budget History Report to determine the Village did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

### **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, 2020 and 2019 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 the required training.

**Other Compliance (Continued)**

3. For all credit card accounts we obtained:
- copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
- a. We inspected the established policy obtained above and determined it is:
- i. in compliance with the HB 312 statutory requirements, and
  - ii. implemented by the entity.
- We found no exceptions.
- b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
- i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.
- We found no exceptions.
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
- i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.
- We found no exceptions.

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, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 6, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BOTKINS**

**SHELBY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 5/20/2021**

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[www.ohioauditor.gov](http://www.ohioauditor.gov)