



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Scio
Harrison County
P.O. Box 307
Scio, OH 43988

We have performed the procedures enumerated below on the Village of Scio's, Harrison County, Ohio (the Village), 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 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 Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions, except for the Village's payroll clearing account which was not reconciled until January 4, 2021.
2. We agreed the January 1, 2019 beginning fund balances for each fund recorded in the Fund Cash Balance Statement 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 for each fund recorded in the Fund Cash Balance Statement to the December 31, 2019 balances in the Fund Cash Balance Statement. We found no exceptions.

Cash and Investments (Continued)

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 Fund Cash Balance Statement and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 bank account balances through the Ohio Pooled Collateral System. We found no exceptions. 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, February and March bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the Expense Statement and determined the debits were dated prior to December 31. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2020 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Revenue Statement and determined they were dated prior to December 31. We found no exceptions.
7. 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.
8. 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 §§ 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 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 *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the County Auditor's Cross Reference 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 Statement. The amounts agreed.
 - b. We inspected the Revenue Statement to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Statement 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 Statement to determine whether it included two real estate tax receipts for 2020 and 2019. The Revenue Statement included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from the Ohio Public Works Commission (OPWC) to the Village during 2019 with the Commission. We noted the Village failed to post grant proceeds of \$86,940 that were received for the 2nd Street Waterline Phase II project to the Village's ledgers.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

The on-behalf-of payments which were made by OPWC relating to these grant proceeds were also not posted to the Village's ledgers.

Income Tax Receipts

1. 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 Ordinance No. 90-785. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2020 and five from 2019.
 - 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 procedure a. to the amount recorded as income tax receipts in the Revenue Statement for that date. The amounts agreed.
3. We compared the date of the receipts to the date the receipts was posted in the Revenue Statement to determine whether the receipts were recorded in the year received. We found no exceptions.
4. We selected all income tax refunds from 2020 and all from 2019.
 - a. We compared the refund paid from Expense Statement to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Income Tax Administrator on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General and Income Tax/Permanent Improvement Fund, as is required.

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 Statement to supporting documentation. The amounts agreed.
- b. Inspected the Revenue Statement to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found two instances where franchise fees totaling \$6,210 were improperly recorded in the Village's Park Fund, rather than the General Fund. We brought this to management's attention. They corrected the Park and General Fund balances for these items. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

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 Daily Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the Daily Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer History 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, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.

Water and Sewer Fund (Continued)

- c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
- 2. We observed the Aged Customer Balance Report.
 - a. This report listed \$7,234 and \$8,963 of accounts receivable as of December 31, 2020 and 2019, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$3,670 and \$4,528 were recorded as more than 90 days delinquent.
- 3. We observed the Daily Cash Receipts Journal.
 - a. This report listed a total of \$101,287 and \$518 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 Village Administrator 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 Village's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal Outstanding as of December 31, 2018:
OWDA 2107 Water Main Construction	\$17,747
OWDA 3882 W Main St Waterline Replacement	\$30,531
OWDA 5022 Filter System for WTP	\$130,226
OWDA 7577 Asset Management & Planning	\$4,978
OPWC CN32A Wastewater System Improvements	\$1,736
OPWC CN27Q Sewer Improvement	\$29,250
OPWC CT54R Waterline Replacement	\$48,170
2018 Truck Loan	\$44,881

- 2. We inquired of management, and inspected the Revenue Statement and Expense Statement 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 Water, Sewer and Income Tax/Permanent Improvement Fund payments reported in the Expense Statement. 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 Water and Sewer Funds per the Revenue Statement. The amounts agreed, with exception to the service truck and 2nd Street Waterline Phase II project proceeds that were not recorded on the Village's ledgers in the amounts of \$38,307 and \$59,645, respectively.

Debt (Continued)

5. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the Village must use the proceeds to purchase a service truck and for the 2nd Street Waterline Phase II, Water Replacement and WWTP Improvements – Clarifier Design projects. We inspected the Expense Statement and observed the Village paid vendors relevant to the Waterline Replacement and WWTP Improvements – Clarifier Design projects in September and October of 2020, respectively. However, the Village failed to record on-behalf-of payments made by Unified Bank and OWDA in regards to the financed purchase of the service truck and the 2nd Street Waterline Phase II project, in the amounts of \$38,307 and \$59,645, respectively.

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 Summary Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee History Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal & State income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found one instance where an employee was overpaid by \$438. We brought this to management's attention, and the employee repaid the Village for the amount of the overpayment. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions. We found no exceptions.
 - c. 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 and/or minute record. We found no exceptions.
 - d. 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:

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, 2021	December 28, 2020	\$2,957.86	\$2,957.86
State income taxes	January 15, 2021	December 30, 2020	\$376.12	\$376.12
Village of Scio income tax	January 15, 2021	January 5, 2021	\$573.95	\$573.95
OPERS retirement	January 30, 2021	January 12, 2021	\$3,998.37	\$3,998.37

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Expense Statement 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 Expense Statement 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 § 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Policy Levy and Water Funds, as recorded in the Expense Statement. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the Fund Cash Balance Statement for the years ended December 31, 2020 and 2019 for negative cash fund balance. Ohio Rev. Code § 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 all public records requests from the engagement period and inspected each 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.

Date Request Received	Date Request Fulfilled	Policy Response Time	Actual Response Time (in Business days)
1/10/2020	1/10/2020	Within a reasonable period of time.	0
1/13/2020	1/14/2020	Within a reasonable period of time.	1
3/18/2020	3/18/2020	Within a reasonable period of time.	0
3/31/2020	3/31/2020	Within a reasonable period of time.	0

- b. The Village did not have any denied public records requests during the engagement period.

Sunshine Law Compliance (Continued)

- c. The Village did not have any public records requests with redactions during the engagement period.
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 inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the public records policy was not included as required by Ohio Rev. Code § 149.43(E)(2).
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 inspected the AOS Certified Public Records Attendees listing 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). We found no exceptions.
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 § 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, non-payroll, and subgrant/subloan 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 Fund Cash Balance Statement and Expense Statement to determine the local government 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 § 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 and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code § 733.81. The Fiscal Officer obtained the required training.
3. 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 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 two instances totaling \$68 where the Village paid late fees on credit card account balances due to untimely payment.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

November 17, 2021

OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SCIO
HARRISON 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 12/14/2021

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This report is a matter of public record and is available online at
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