



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Fort Recovery
Mercer County
201 South Main Street
P.O. Box 340
Fort Recovery, Ohio 45846

We have performed the procedures enumerated below on the Village of Fort Recovery's (the Village) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020, 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, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each fund type recorded in the YTD Fund Report to the December 31, 2019 balances in the prior year audited statements. We identified that the January 1, 2020 general fund balance according to the YTD Fund Report was \$25 less than the prior year audited statements. In addition, the January 1, 2020 enterprise fund balance according to the YTD Fund Report was \$21 less than the prior year audited statements. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the YTD Fund Report to the December 31, 2020 balances in the YTD Fund Report. We found no exceptions.

Cash and Investments (Continued)

3. We agreed the 2021 and 2020 bank reconciliation as of December 31, 2021 and 2020 to the total fund cash balances reported in the YTD Fund Report and the financial statements filed by the Village in the Hinkle System. For 2020, the amounts agreed. For 2021, the total fund balances reported in the bank reconciliation agreed to the fund balances in the YTD Fund Report. However, the total fund cash balances reported in the 2021 financial statements was \$179 less than the total fund cash balances reported in the YTD Fund Report.
4. We confirmed the December 31, 2021 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2021 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2021 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. We found no exceptions.
6. We selected the only reconciling credit (such as deposit in transit) from the December 31, 2021 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 Detail Revenue Transaction Report and determined that it was dated prior to December 31. We found no exceptions.
7. We traced interbank account transfers occurring in December of 2021 and 2020 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, 2021 and December 31, 2020 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 found no exceptions.

Property Taxes and Intergovernmental Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Mercer County Audit Trail Report for 2021 and a total of five from 2020:
 - a. We compared the amount from the above named reports to the amount recorded in the Detail Revenue Transaction Report. The amounts agreed.
 - b. We inspected the Detail Revenue Transaction Report 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 Detail Revenue Transaction 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 Detail Revenue Transaction Report to determine whether it included two real estate tax receipts for 2021 and 2020. The Detail Revenue Transaction Report included the proper number of tax receipts for each year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2021 and five from 2020.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Monthly Revenue Report. The amounts agreed.
 - b. We compared the Monthly Revenue Report total from procedure a. to the amount recorded as income tax receipts in the Detail Revenue Transaction Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Detail Revenue Transaction Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2021 and five from 2020.
 - a. We compared the refund paid from the Detail Expense Transaction Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Village Fiscal Officer or Village Administrator on each of the refunds. We found no exceptions.
 - c. We observed the refunds were paid from the General Fund, as is required.

Water and Sewer Funds

1. We selected 10 Water and Sewer Funds collection cash receipts from the year ended December 31, 2021 and 10 Water and Sewer Fund collection cash receipts from the year ended 2020 recorded in the Detail Revenue Transaction Report and determined whether the:
 - a. Receipt amount per the Detail Revenue Transaction Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement 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 observed the Aging Summary Report.
 - a. This report listed \$60,303 and \$50,384 of accounts receivable as of December 31, 2021 and 2020, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$0 and \$391 were recorded as more than 90 days delinquent.
3. We observed the Consolidated Batch Summary Report.
 - a. This report listed a total of \$116,207 and \$664 in non-cash receipts adjustments for the years ended December 31, 2021 and 2020, respectively.
 - b. We selected five non-cash adjustments from 2021 and five non-cash adjustments from 2020, and observed that the Village Administrator approved each adjustment.

Debt

1. From the prior audit documentation and confirmation from the United States Department of Agriculture (USDA), we observed the following bonds and loans were outstanding as of December 31, 2019. These amounts agreed to the Village's January 1, 2020 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2019:
Second National Bank Mortgage Revenue Bond	\$124,913
USDA Rural Development Revenue Bond	\$1,381,300
Ohio Public Works Loan – Hickory Circle	\$16,500
Ohio Public Works Loan – George Street	\$29,857
Ohio Public Works Loan – Elm / Wayne Street	\$375,178
Ohio Public Works Loan – Sewer Separation	\$837,094

2. We inquired of management, and inspected the Detail Revenue Transaction Report and Detail Expense Transaction Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds and loans debt activity for 2021 and 2020 and agreed principal and interest payments from the related debt amortization schedules to the General, Storm Sewer Levy, Hickory Circle Debt Service, George Street Loan Debt Service, Rural Development Debt Service, Water Bond Retirement, and Sewer User Fee fund payments reported in the Detail Expense Transaction 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 received for 2021 from the debt documents to amounts recorded in the Rural Development Debt Service fund per the Detail Revenue Transactions Report. The amounts agreed. The Village properly recorded the proceeds in a bond fund as required by Ohio Rev. Code § 5705.09(E)
5. For new debt issued during 2021, we inspected the debt legislation, which stated the Village must use the proceeds to refinance the USDA Rural Development Revenue Bond. We inspected the Detail Expense Transaction Report and observed the Village paid off the original USDA Rural Development Revenue Bond in August 2021.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 from the Payroll Check Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Check Register to supporting documentation (timecard, legislatively-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system and Federal, State and Local 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 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.

Payroll Cash Disbursements (Continued)

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2021 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 2021. 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, 2022	January 4, 2022	\$2,000.69	\$2,000.69
State income taxes	January 15, 2022	January 3, 2022	\$1,404.01	\$1,404.01
Village income tax	January 15, 2022	January 4, 2022	\$634.13	\$634.13
School district income tax	January 15, 2022	January 3, 2022	\$818.06	\$818.06
OPERS retirement	January 30, 2022	January 18, 2022	\$7,638.40	\$7,638.40
OP&F retirement	January 31, 2022	January 18, 2022	\$3,091.96	\$3,091.96

We found no exceptions.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Detail Expense Transaction Report for the year ended December 31, 2021 and 10 from the year ended 2020 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 Detail Expense Transaction 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 § 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, 2021 and 2020 for the General, Street Construction, Maintenance & Repair and Sewer Revenue funds as recorded in the YTD Fund Report. Expenditures did not exceed appropriations.
2. We inspected the 5 largest interfund transfers from the 2021 and 2020 Combined Fund Transfer Report for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.

Compliance – Budgetary

3. We inspected the YTD Fund Report for the years ended December 31, 2021 and 2020 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 five 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
 - b. The Village did not have any denied public records requests during the engagement period.
 - 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). 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 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.
6. 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.
7. We inspected individual proof of attendance 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 identified that four Village council members with a term of January 1, 2018 to December 31, 2021 did not attend a certified public records training during the term. Also, a designee did not attend on their behalf during the term. Ohio Rev. Code § 109.43(B) requires, in part, the attorney general shall develop, provide, and certify training programs and seminars for all elected officials or their appropriate designees in order to enhance the officials' knowledge of the duty to provide access to public records as required by section 149.43 of the Revised Code and to enhance their knowledge of the open meetings laws set forth in section 121.22 of the Revised Code. The training shall be three hours for every term of office for which the elected official or future official was appointed or elected to the public office involved. The training shall provide elected officials or their appropriate designees with guidance in developing and updating their offices' policies as required under section 149.43 of the Revised Code.

Sunshine Law Compliance (Continued)

8. 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.
9. 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.
10. 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 documented their compliance with the CARES Act three-prong test. We then selected five 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.

We inquired with management and inspected the YTD Fund Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

Contract Compliance

1. We inspected the minutes and identified the Village had expenditures subject to competitive bidding during 2020. We found no exceptions.
2. We selected one contract over \$50,000 for 2020.
 - a. We inspected the contract and other bids for the contracted expenditure and determined:
 - i. The Village accepted the lowest bid and met the requirements of Ohio Rev. Code § 735.05.
 - ii. No bid splitting occurred
 - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
 - iv. No apparent interest in the contract by a public official occurred.We found no exceptions.
 - b. We inspected the advertisements of the proposals for bids in the newspaper and determined they were made as required by Ohio Rev. Code §§ 731.14 and 7.16. 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, 2021 and 2020 in the Hinkle system. We found 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 §§ 507.12 and 733.81. The fiscal Officer obtained the required training.

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

July 6, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FORT RECOVERY

MERCER 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 7/19/2022

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