

VILLAGE OF OSTRANDER

DELAWARE COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2010

AGREED UPON PROCEDURES



Dave Yost • Auditor of State

Village Council
Village of Ostrander
224 E. High Street
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, 2009 through December 31, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 1, 2011

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Julian & Grube, Inc.

Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Ostrander
Delaware County
224 E. High Street
Ostrander, Ohio 43061

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Ostrander (the "Village") and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009 and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and/or the Council are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Cash Journal Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Cash Journal Reports. The amounts agreed.
4. We confirmed the December 31, 2010 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, 2010 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested interbank account transfers occurring in December of 2010 and 2009 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
 - a. Were of a type authorized by Ohio Revised Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in the Ohio Revised 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 2010 and one from 2009:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Ledger to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsWe noted the Receipts Ledger included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009. We also selected five receipts from the Delaware County Vendor Report from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission and the Delaware County Engineer to the Village during 2010 and 2009 with the Ohio Public Works Commission and the Delaware County Engineer. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Sewer Fund

1. We haphazardly selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 recorded in the Sewer Cash Receipt Journal and determined whether the:
 - a. Receipt amount per the Sewer Cash Receipt Journal 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 complied with rates in force during the audit period. We found no exceptions.
 - c. Amount charged was posted as a receivable in the Sewer New Charge Report for the billing period.

- d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Sewer Delinquent Report.
 - a. We noted this report listed \$20,644 and \$21,959 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, \$38 and \$1,355 were recorded as more than 90 days delinquent.
3. We read the Monthly Cash Receipts Journal.
 - a. We noted this report listed a total of \$7,860 and \$6,645 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively, primarily due to write offs as amounts are sent to the County to be assessed on tax bill.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009, and noted that the Sewer Use Ordinance approved by the Board of Public Affairs approved each adjustment.

Debt

1. From the prior audit report, we noted the following debt obligations outstanding as of December 31, 2008. These amounts agreed to the Village's January 1, 2009 balances in the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2008</u>
1993 OWDA Sewer System	\$80,843
1992 USDA - Rural Development Sanitary Sewer System Mortgage Revenue Bonds	\$131,400

2. We inquired of management, and scanned the Receipt Ledger, Appropriation Ledger and Cash Journal Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to the Sewer Fund payments reported in the Appropriation Ledger. 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 haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Payroll Record Report and determined whether the following information in the minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Departments and funds to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & School District income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

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

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay 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 determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2011	1/28/11	\$966.08	\$966.08
State income taxes	January 3115, 2011	1/28/11	\$78.04	\$78.04
OPERS retirement	January 30, 2011	12/27/10 12/28/10	\$514.07 \$257.08	\$514.07 \$257.08
School District IncomeTax	January 31, 2011	1/28/11	\$84.48	\$84.48

Non-Payroll Cash Disbursements

1. For the Appropriation Ledger Report, we refooted checks recorded as General Fund disbursements for security of persons and property, and checks recorded as transportation in the Street Construction, Maintenance and Repair fund for 2010. We found no exceptions.
2. We agreed total disbursements (non-payroll and payroll) from the Payment Register Detail Report and Employee Detail Adjustment Report for the years ended December 31, 2010 and 2009 to the total disbursements recorded in the check register. We found no exceptions.
3. We haphazardly selected ten disbursements from the Cash Journal Report for the year ended December 31, 2010 and ten from the year ended 2009 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 disbursements requiring certification or issue a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D).

Compliance – Budgetary

1. We compared the total from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Ledger for the General, Street Construction, Maintenance and Repair and Sewer funds for the years ended December 31, 2010 and 2009. The amounts did not agree to the amount recorded in the accounting system. The Receipts Ledger recorded budgeted (i.e. certified) resources for the General, Street Construction, Maintenance and Repair and Sewer funds of \$72,585, \$0 and \$156,000, respectively, for 2010 and \$40,537, \$0 and \$156,000, respectively for 2009. However, the final Amended Official Certificate of Estimated Resources reflected \$76,459, \$41,174 and \$127,500, respectively for 2010 and \$37,070, \$33,836 and \$94,395, respectively for 2009. The Clerk/Treasurer should periodically compare amounts recorded in the Receipts Ledger to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street Construction, Maintenance and Repair and Sewer 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the following funds: General, Street Construction, Maintenance and Repair and Sewer funds. The amounts on the appropriation resolutions agreed to the amounts did agree to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the Street Construction, Maintenance and Repair fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Ledger for the General and Sewer funds for 2010 and 2009. The total appropriation resolutions for 2010 for the General and Sewer fund were \$52,973 and \$329,000, respectively. The Appropriation Ledger amounts for 2010 for the General and the Sewer fund were \$40,382, and \$326,000, respectively. The total appropriation resolutions for 2009 for the General and the Sewer fund were \$38,262 and \$304,700, respectively. The Appropriation Ledger amounts for 2009 for the General and the Sewer fund were \$40,117 and \$249,000, respectively.
4. Ohio Rev. Code Section 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 funds for the years ended December 31, 2010 and 2009. We noted 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, 2010 and 2009 for the General, Street Construction, Maintenance and Repair funds, as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. The Village established the Federal Grant – CDBG and Issue I funds during 2009 to segregate Henry Street Improvement receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2010 and 2009 Receipt Ledger, Appropriation Ledger and Cash Journal Report for evidence of interfund transfers, which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.

8. We inquired of management and scanned the Cash Journal Report to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Cash Journal Report reports for the years ended December 31, 2010 and 2009 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified a Henry Street Improvement project in 2009 exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted the following:

- The project was awarded using competitive bidding procedures.
 - The project was advertised in a local newspaper for two consecutive weeks.
 - The project maintained documentation indicating that the lowest and best bid was accepted.
 - The project expenditures were approved by Village Council.
 - There was no public official that had any apparent interest in the project.
2. We inquired of management and scanned the Cash Journal Report for the years ended December 31, 2010 and 2009 to determine if the Village had road construction projects exceeding \$30,000 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 one project in 2009, the Henry Street Improvement project that the Village had an engineer develop an estimate. The estimate totaled \$309,800, thus, the Village invited and received competitive bids from private contractors for completing the work.
 3. For the Henry Street Improvement project described in step 2 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the U.S. Department of Housing and Urban Development's Federal Labor Standards Provisions, HUD – 4010 Dated 2/84 (Revised) and Community Development Block Grant Program Contractor's Certification Concerning Labor Standards and Prevailing Wage Requirements, and also required the contractor to incorporate the prevailing wage requirements into its subcontracts.

Officials' Response

We concur with the above results.

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

This report is intended solely for the information and use of management, those charged with governance and the Auditor of State and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
May 6, 2011



Dave Yost • Auditor of State

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 11, 2011