



**Auditor of State
Betty Montgomery**

VILLAGE OF GRATIS
PREBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Gratis
Preble County
404 Harrison Street
PO Box 574
Gratis, Ohio 45330

To the Village Council:

We have performed the procedures enumerated below for the period January 1, 2002 through June 30, 2003, which were agreed to by the addressees, for credit card disbursements, Mayor's payroll disbursements and the Police Department property inventory room. The addressees are responsible for determining whether credit card disbursements are properly documented and allowable under State and local laws and regulations. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the addressees. 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. Our procedures were as follows:

Credit Card Cash Disbursements

We scanned all charges incurred on the credit cards issued to the Village from January 1, 2002 through June 30, 2003. The Village maintained two gasoline credit cards for the above mentioned period. We listed all transactions dates, the payees, the amount charged, and the items purchased if the relevant supporting documentation was available.

We noted the following undocumented or questionable expenditures charged to the credit cards:

- The Village paid \$116.26 for 2002 and \$31.08 in 2003 for purchases with no receipt.
- The Village purchased \$68.11 in 2002 and \$56.37 in 2003 for grocery items.
- The Village paid \$4.39 in late fees in 2002.
- The Village paid \$11.52 for kerosene in 2003. The Village does not own any equipment using kerosene.
- The Village had eight purchases at the Eaton Store and two from the West Alexandria store for the audit period. There was no documentation explaining the need for these trips.
- The Mayor had fuel purchases for the audit period totaling \$269.98.

To ensure that all purchases are for a proper public purpose, the Village should establish and follow a credit card policy. The policy should address the following issues:

- The types of purchases that are allowed. If a purchase is made for an item other than fuel, the individual making the purchase should state on the receipt the item that was purchased and the reason for the purchase.
- The individuals that are authorized to make credit card purchases.
- The gas stations where individuals are authorized to make purchases.
- The procedures for making purchases. All purchases should be evidenced by a receipt which is signed by the person making the purchase.
- The procedures for submitting receipts for payment. All receipts should be signed by the individual, noting which vehicle was fueled, and given to the Village clerk and Council for approval.
- The procedures for maintaining a fuel log. A fuel log should be maintained for each vehicle noting mileage and dates of fuel purchases. This will help the Village track gas mileage per vehicle and help to verify that purchases are being properly made.

Mayor's Payroll Cash Disbursements

We compared the wages paid to Mayor John Wyatt in 2003 versus the wages earned prior to his resignation in 2003. The Mayor receives an annual salary of \$1,200. The Mayor resigned effective June 30, 2003; therefore, the Mayor was entitled to \$600 for 2003. The Mayor was overpaid by \$600 in 2003 due to his resignation. The Village has sent the Mayor a letter requesting repayment by December 31, 2003.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against John Wyatt, and Ohio Casualty, jointly and severally, in the amount of \$600 and in favor of the Village of Gratis.

Police Department Property Room Inventory

We compared the police department property room inventory list to the actual items maintained in the property room as of September 17, 2003.

We noted the following property room inventory discrepancies:

- Per review of the inventory log, the following types of items were destroyed: drugs and paraphernalia, photographs, DUI specimen kits, cassette tape, fingerprint investigation cards, paint balls, film, blood specimen kit, 2 bikes (which were used for the parts for the Village bike patrol).
- Per review of the property room log, drugs were either taken to Wright Patterson Air Force Base for disposal or disposed of by the Village. The Village did not maintain a receipt signed by an Air Force representative for the disposal of property at the Base. The Village did maintain a listing from the Base stating the property that was returned that could not be destroyed (i.e. metal items).
- Documentation was not maintained for property that was disposed of by the Village.
- We were unable to locate six items listed on the inventory sheet. These included a mower, drug paraphernalia, and photos.

- On 4/28/01, the Police Chief gave the Mayor \$321 of case money to be deposited in Twin Valley Bank. The Police Chief had a paper signed by the Mayor indicating receipt of the money. The Chief told us he inquired of the Mayor repeatedly over the next two years and was told that the money hadn't been deposited yet and that he was holding it for a future purchase. The Mayor resigned effective June 30, 2003 and the money was deposited into the bank on July 8, 2003.

The Village should implement procedures for the maintenance of the property room, including, but not limited to the following:

- A complete inventory should be maintained of all property within the property room.
- Upon disposition of property: If the property is disposed of by a third party, the third party should sign a receipt noting the exact property which was received. If the property is disposed of by the Village, a document should be maintained noting which property was disposed of and the method of disposition. This document should be signed by both the party making the disposal and a witness.
- When property is returned to the owner, a receipt should always be signed by the owner noting which property was returned to them.
- Upon transfer of property: If property is transferred to another law enforcement agency or a third party, the person receiving the property should sign a receipt stating what property has been received.
- Upon receipt of cash into the property room: A signed receipt should be issued and the cash should then be deposited into the Village bank account. The Village should establish an Agency fund for the receipt of this money. The money should be held in the Agency fund until the Village is directed by a court as to the proper disposition of the money.
- The Police Chief should maintain responsibility for cash deposits.

We were not engaged to and did not audit credit card cash disbursements, payroll cash disbursements, or the police property room, the objective of which would be the expression of an opinion on credit card cash disbursements, payroll cash disbursements, and the police property room. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the addressees listed above and is not intended to be and should not be used by anyone else.



Betty Montgomery
Auditor of State

November 14, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF GRATIS

PREBLE 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
DECEMBER 9, 2003**