



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

TABLE OF CONTENTS

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

THIS PAGE INTENTIONALLY LEFT BLANK



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Sugar Grove
Fairfield County
101 Bridge Street
Sugar Grove, Ohio 43155

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Sugar Grove, Fairfield County, Ohio, (the Village) have agreed, solely to assist the Council and Mayor in evaluating certain receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, including mayor's court receipts, disbursements and balances, 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 attestation standards established by the American Institute of Certified Public Accountants' 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 Council and Mayor. 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, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
3. We observed the year-end bank balances and investments on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
4. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
5. We tested investments held at December 31, 2009 and December 31, 2008 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 property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
 - a. We traced the amount from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) 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 Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008. We also selected five receipts from the County Auditor's DTLs from 2009 and five from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed amounts paid from Ohio Public Works Commission (OPWC) to the Village and on behalf of the Village in 2008 in the total amount of \$455,217 and in 2009 in the total amount of \$347,836. We found no exceptions.
5. We confirmed amounts paid from Ohio Water Development Authority (OWDA) to the Village and on behalf of the Village in 2008 in the total amount of \$245,292. We found no exceptions.
6. We confirmed amounts paid from Community Development Block Grant (CDBG) to the Village or on behalf of the Village in 2009 in the total amount of \$121,500. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2009 and 2008 Total Distributions reports submitted by Oatney and Associates, CPA, 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 Receipt Register Report. The amounts agreed.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Funds collection cash receipts from the year ended December 31, 2009 and 10 collection cash receipts from the year ended 2008 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Bill/Pay History Report. The amounts agreed.
 - b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any late penalties. We found no exceptions.
 - c. Amount charged was posted as a receivable in the Bill/Pay History Report for the billing period. We found no exceptions.

Water and Sewer Fund (Continued)

- d. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.
2. We read the Aged Trial Balance report.
 - a. We noted this report listed \$1,431 and \$2,115 of accounts receivable as of December 31, 2009 and 2008, respectively.
 - b. Of the total receivables reported in the preceding step, \$649 and \$1,164 were recorded as more than 90 days delinquent.
3. We read the Billings Journal Report.
 - a. We noted this report listed a total of \$119 and \$143 non-cash receipts adjustments for the years ended December 31, 2009 and 2008, respectively.
 - b. We selected five non-cash adjustments from 2009 and five non-cash adjustments from 2008, and noted that the Water Board only approved six of ten of the adjustments selected, ranging from \$9 to \$45.

Debt

1. We inquired of management, and scanned the Receipt Register Report for evidence of new bonded or note debt issuances during 2009 or 2008. All new debt issuances noted agreed to the summary in step 2.
2. We obtained a summary of and note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to the Water Replacement and Improvement Fund in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Capitol Project fund per the Receipt Register Report. The amounts agreed.
4. For new debt issued during 2009 and 2008, we inspected the debt legislation, noting the Village must use the proceeds to replace water lines. We scanned the Payment Register Detail Report and noted the Village used the proceeds as stipulated in the loan agreements with OWDA and OPWC.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and/or 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. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no other exceptions related to steps a. – f. above, except, we noted that for five of the ten employees selected, there was no record of Council's approval of their hiring, nor was an employee contract on file with the Village Clerk/Treasurer.

Payroll Cash Disbursements (Continued)

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 determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and/or 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, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

| Withholding | Date Due | Date Paid | Amount |
|--|------------------|------------------|---------------|
| Federal income taxes | January 31, 2010 | 12/31/2009 | \$1130.52 |
| State income taxes | January 15, 2010 | 12/31/2009 | \$404.60 |
| Village of Sugar Grove income taxes | January 31, 2010 | 12/31/2009 | \$135.64 |
| OPERS retirement (withholding plus employee share) | January 30, 2010 | 12/31/2009 | \$850.49 |

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended 2008 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 Payment Register Detail 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.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. (See **Cash and Investments Step #1**. The Village does not have a separate Mayor's Court Bank Account). We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2009 and December 31, 2008 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.

Mayors Court Transactions and Cash Balances (Continued)

3. We agreed the totals per the bank reconciliations to the total of December 31, 2009 and 2008 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We observed the year-end bank balance(s) on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception. (See **Cash and Investments** Step #3).
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2009 and one month from the year ended 2008 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. We compared the totals remitted for these two months per the cash book to the returned canceled checks. 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 book.

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 Resources Available for Appropriation Report for the General, Street and Sewer funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Resources Available for Appropriation Report recorded budgeted (i.e. certified) resources for the General fund of \$ 245,214 for 2009 and \$245,015 for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected \$246,916 for 2009 and \$240,515 for 2008. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report 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 2009 and 2008 to determine whether, for the General, Water Operating and Sanitation 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.

We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General, Water Line Replacement Phase II, and Permissive Motor Vehicle License (MVL) funds. We found no variances, except for the general fund. The Appropriation Status Report recorded appropriations for the General fund of \$213,831 for 2009. However, the final appropriation resolution reflected \$218,406 for 2009. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the appropriation resolution to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

Compliance – Budgetary (Continued)

3. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources from Step 1 above. We compared total appropriations to total certified resources for the General, Street and Water Line Replacement Phase II funds for the years ended December 31, 2009 and 2008. We noted no funds for which appropriations exceeded certified resources.
4. 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, 2009 and 2008 for the General, Sewer and Permissive Motor Vehicle License (MVL) funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
5. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Water Line Replacement Phase I and Phase II funds during 2008 to segregate Ohio Public Works Commission and Ohio Water Development Association receipts and disbursements, in compliance with Section 5705.09. We also noted that the Council established the FEMA Windstorm fund during 2008 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Section 5705.09 and 2 C.F.R. Section 176.210.
6. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1000 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.
7. We inquired of management and scanned the Appropriation Status Reports 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 Payment Register Detail report for the years ended December 31, 2009 and 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified the Water Line Replacement Phases I & II projects exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted that the Council advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine if the Village had road construction projects 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 no projects requiring the completion of the force account assessment form.
3. For the Water Line Replacement Phases I & II projects described in step 1 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 Ohio Department of Commerce's schedule of prevailing rates, and also required the contractor to incorporate the prevailing wage requirements into its subcontracts.

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 the finance committee, management and Village Council, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 1, 2010



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUGAR GROVE

FAIRFIELD 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
MARCH 2, 2010