



Julian & Grube, Inc.

Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Harpster
Wyandot County
P.O. Box 96
Harpster, Ohio 43323

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Harpster (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

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 Summary by Fund 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 Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2010 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, 2010 bank reconciliation. We noted one certificate of deposit was understated by \$20 of interest received at December 31, 2010, recorded in subsequent 2011.
5. We selected all four 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 dates written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.



Dave Yost • Auditor of State

Members of Council
Village of Harpster
PO Box 96
Harpster, Ohio 43323

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Harpster, Wyandot 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 Harpster is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 1, 2011

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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 Revenue Ledger Report. We noted the Village recorded the receipt net of fees in the amount of \$582 and \$557, for 2010 and 2009, respectively.
 - b. We determined whether the receipt was allocated to the proper fund 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 Revenue Ledger Report 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 Revenue Ledger 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 2010 and five from 2009. We also selected five receipts from the Wyandot County Auditor's Vendor History Report from 2010 and 2009.
 - a. We compared the amount from the DTL and the Wyandot County Auditor's Vendor History Report to the amount recorded in the Revenue Ledger Report. 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.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Revenue Ledger Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

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 Payment Register Detailed 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. Department and fund 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 exceptions related to steps a. – f. above, except we noted, the Village withheld \$80 more in both 2010 and 2009 than required for OPERS from the Fiscal Officer's paycheck and we noted, the Village withheld \$11.40 more in 2010 than required for OPERS from one Council Person's paycheck. On March 5, 2011, OPERS refunded these amounts and the Fiscal Officer reimbursed the Fiscal Officer and applicable Council Person.

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 or as required by statute. 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	January 31, 2011	12/1/10	\$734.11	\$734.11
Upper Sandusky Exempted Village School District Taxes	April 18, 2011	12/1/10	\$83.11	\$83.11
OPERS retirement	January 30, 2011	12/1/10	\$548.40	\$639.80

As noted in step 1, the Village withheld \$91.40 more than required, which was refunded on March 5, 2011 to the Village and the Fiscal Officer and applicable Council Person.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions, except for check number 3044 in 2010 was recorded as check number 3046 in the UAN system, due to a void and reissue circumstance.
- 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 noted six and five instances where the certification date was after the vendor invoice date for the years ended December 31, 2010 and 2009, respectively. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

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 Revenue Status Report for the General, Street Construction, Maintenance and Repair and State Highway funds for the years ended December 31, 2010 and 2009. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$0 for 2010 and \$29,827 for 2009. However, the final Amended Official Certificate of Estimated Resources reflected \$20,310 for 2010 and \$22,007 for 2009. 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 2010 and 2009 to determine whether, for the General, Street Construction, Maintenance and Repair and State Highway 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 Status Report for 2010 and 2009 for the following funds: General Fund and Street Construction, Maintenance and Repair and State Highway. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
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 State Highway funds for the years ended December 31, 2010 and 2009. We noted that Street Construction, Maintenance and Repair Fund appropriations for 2009 exceeded certified resources by \$764, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
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 and State Highway Fund, as recorded in the Appropriation Status Report. 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 Revenue Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports 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 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, 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 no purchases subject to the aforementioned bidding requirements.
2. We inquired of management and scanned the Payment Register Detail 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 no projects requiring the completion of the force account assessment form.

Officials Responses

We agree with the results and will make every effort to prevent these noted exceptions in the future.

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 and those charged with governance and the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
April 21, 2011



Dave Yost • Auditor of State

VILLAGE OF HARPSTER

WYANDOT 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
JULY 14, 2011