

VILLAGE OF MOUNT EATON

WAYNE COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2010

AGREED UPON PROCEDURES



Dave Yost • Auditor of State

Village Council
Village of Mount Eaton
P.O. Box 287
15958 East Main Street
Mt. Eaton, Ohio 44659

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Mount Eaton, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports 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 Mount Eaton is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 31, 2011

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Mt. Eaton
Wayne County
P.O. Box 287
15958 East Main Street
Mt. Eaton, Ohio 44659

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Mt. Eaton, Wayne County (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, 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 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 Fund Status 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 Fund Status 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 the only three outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found one outstanding check that had not cleared as of the end of fieldwork.
 - 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.

6. We tested investments held at December 31, 2010 and December 31, 2009 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 2010 and one from 2009:
 - a. We traced the gross receipts 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 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 Register 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 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 2010 and five from 2009.
 - 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 funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2010 and five from 2009.
 - a. We compared the payment recorded on the tax return to the amount recorded on the bank deposit slip. The amounts agreed.
 - b. We compared the bank deposit slip total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
 - c. We determined whether these receipts were allocated to the proper fund as required by Ordinance 2-1994. We found no exceptions.
 - d. We determined whether the receipts were recorded in the proper year. We found no exceptions.

2. We selected one income tax refund from 2010 and one from 2009.
 - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was approved by Mindy Hartman, Fiscal Officer.
 - c. We noted the refunds were paid from the General Fund as is required.

Water and Wastewater Funds

1. We haphazardly selected 10 Water and Wastewater Funds collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 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 Customer 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. We found no exceptions.
 - c. Amount charged was posted as a receivable in the Customer History Report for the billing period.
 - 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 Summary Report.
 - a. We noted this report listed \$15,632 and \$29,236 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, \$975 and \$2,770 were recorded as more than 90 days delinquent.
3. We read the Customer History Adjustments Report.
 - a. We noted this report listed a total of \$4,127 and \$18,451 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009. However, we were unable to obtain verification that the President of the Board of Public Affairs approved each adjustment.

Debt

1. We inquired of management, and scanned the Receipt Register 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. [All debt noted agreed to the summary we used in step 2.] We noted no new debt issuances during 2010 or 2009.
2. We obtained a summary of bonded debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to the Wastewater Operating fund payments reported 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.

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 Register Detail and determined whether the following information in the employees' personnel files and 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 & 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.

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 codes to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and 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	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2011	1/5/2011	\$1,374	\$1,374
State income taxes	January 15, 2011	1/5/2011	\$419	\$419
Village of Mt. Eaton income taxes	January 15, 2011	1/5/2011	\$325	\$325
OPERS retirement (withholding plus employee share)	January 30, 2011	1/11/2011	\$3,291	\$3,291

Non-Payroll Cash Disbursements

1. 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.
 - 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 four instances where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2010 and December 31, 2009 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. We noted that the Village has not established a Mayor's Court Agency Fund.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2010 and 2009 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance with the Mayor's Court 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 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, 2010 and one month from the year ended 2009 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. The totals remitted for these two months per the cash book agreed 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 Revenue Status Report for the General, State Highway and Computer funds for the years ended December 31, 2010 and 2009. The amounts agreed.**
2. **We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, State Highway and Computer 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, State Highway and Computer funds. 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, State Highway and Computer 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, State Highway and Computer funds, 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 Receipt Register 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 exceeding \$1 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.

Management's Response:

Management will report all non-cash adjustments to the Board of Public Affairs monthly.

Management will make effort to certify the availability of funds before purchases are made.

Management will set up a mayor's court fund.

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.

Charles Harris

Charles E. Harris & Associates, Inc.
February 27, 2011

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Dave Yost • Auditor of State

VILLAGE OF MOUNT EATON

WAYNE 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
APRIL 12, 2011