



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Sinking Spring
Highland County
10 North Main Street
Sinking Spring, Ohio 45172

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Sinking Spring, Highland County, Ohio (the Village), 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 noted that the bank reconciliations did not foot.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Cash Journal 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. We noted that the Bank Reconciliation for 2010 and 2009 did not include the amount of the Certificate of Deposit (\$119,037 and \$117,043, respectively) and therefore, did not agree to the Cash Journal.
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, and noted that the Certificate of Deposit amount \$119,037 was not included on the Bank Reconciliation.
5. We selected all 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 to the check register, to determine the debits 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 Ledger. The amounts agreed.
 - 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 Receipt Ledger to determine whether it included the proper number of tax receipts for 2010 and 2009:
- a. One personal property tax receipt
 - b. Two real estate tax receipts

We noted the Receipt Journal 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 County Auditor's Cross Reference Report from 2010 and five from 2009.
- a. We compared the amount from the DTL and the Cross Reference Report to the amount recorded in the Receipt Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund. 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 Receipt Ledger and Appropriation Ledger for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *transportation* in the Street Maintenance fund for 2010. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Ledger 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 Appropriation Ledger 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.

Compliance – Budgetary

1. We compared the total amounts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipt Ledger for the General, Street Maintenance Construction and Repair (SMCR), and Permissive Motor Vehicle License (PMVL) funds for the years ended December 31, 2010 and 2009. The Receipts Ledger recorded budgeted (i.e. certified) resources for the General fund of \$32, 639 and \$32,776 for 2010 and 2009, respectfully. However, the final *Amended Official Certificate of Estimated Resources* reflected \$15,811 and \$34,777 for 2010 and 2009, respectively. The Receipts Ledger recorded budgeted (i.e. certified) resources for the SMCR Fund \$3,125 and \$3,125 for 2010 and 2009, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$3,106 and \$1,700 for 2010 and 2009, respectively. The Receipts Ledger recorded budgeted (i.e. certified) resources for the PMVL Fund \$625 and \$625 for 2010 and 2009, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$605 and \$1,700 for 2010 and 2009, respectively. 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, SMCR, and PMVL 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the following funds: General, SCMR, and PMVL. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger

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, SCMR, and PMVL 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, SCMR, Infrastructure, and PMVL funds, as recorded in the Appropriation Ledger. We noted that Infrastructure Fund expenditures for 2009 exceeded total appropriations by \$24,223, contrary to Ohio Rev. Code, Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
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. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Sewage Construction Fund (Capital Projects) during 2010 to segregate the sewage project receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2010 and 2009 Receipt Ledger and Appropriation Ledger for evidence of interfund transfers exceeding \$1,000 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 Ledger 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 Appropriation Ledger 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 Appropriation Ledger for the years ended December 31, 2010 and 2009 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) 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.

We did not receive a response from officials to the exceptions reported above.

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 others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 14, 2011

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VILLAGE OF SINKING SPRINGS

HIGHLAND 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 16, 2011**